

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

**Date:** 31 August 2023

**Subject:** **Housing Update**

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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 checked="" type="checkbox"/> Yes <input type="checkbox"/> No

## 1. Purpose of this Report

- 1.1. To provide the Committee with an update on the workstreams relating to the Combined Authority's activity to support the housing growth activity across the region, including an update on the Strategic Place Partnership with Homes England a summary of our revenue and capital programmes supporting delivery of housing in the region.

## 2. Information

### Background

#### West Yorkshire / Homes England Strategic Place Partnership

- 2.1 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. The SPP was formally launched at UKREiiF on 16<sup>th</sup> May 2023 by the Mayor of West Yorkshire and Chief Executive of Homes England.

- 2.2 On Monday 24<sup>th</sup> July, the Secretary of State for the Department for Levelling Up, Housing and Communities outlined the Government's long-term plan for housing. Of particular relevance to the strategic priorities for West Yorkshire, the Secretary of State announced:
- The launch of Homes England's Brownfield, Infrastructure and Land (BIL) Fund. This is a £1billion fund aims to support large scale transformative projects of regional or national significance and can include acquisition, infrastructure, provision of place-making and community facilities and S106 infrastructure (excluding affordable housing). There are two routes to delivery – either via continuous market engagement (CME) or through the strategic pipeline. Via the strategic pipeline route Homes England have stated that Strategic Place Partnerships are at the core of this work. At present, West Yorkshire is one of only three places with a formal SPP in place.
  - A commitment to work with partner to regenerate Leeds city centre focussing on the South Bank, Innovation Arc and Mabgate areas. These areas align with the Leeds City and City rim focus area identified in the SPP. The Government also provided further commitment to embedding mass transit in the region and working with local authorities to adapt existing HS2 land safeguarded in Leeds to support economic growth and housing delivery. The Combined Authority is working closely with Leeds Council, Homes England and the Department to support continued partnership working across the Leeds City Centre focus area of the SPP.
- 2.3 The Secretary of State also announced plans to support constraints within the planning process including a national £24million Planning Skills Delivery Fund and a 'super-squad' team of planners to support unlocking major housing developments. Whilst this team will first be deployed to Cambridge, there was commitment to roll this out across Investment Zone areas in future.
- 2.4 Since the launch of the SPP, work has been underway to progress the three strategic priorities set out within the SPP. A summary of the progress against each of the objective areas is provides below.

**Strategic Objective 1** – Develop investment ready proposals to unlock and accelerate housing delivery and regeneration across West Yorkshire, supporting the region's levelling up, economic growth and inclusivity objectives

Key progress milestones

- Governance arrangements in place and SPP Board established with membership and terms of reference agreed and confirmed
- SPP Delivery Plan developed including actions matrix across each strategic objective and focus areas
- Quarterly pipeline meetings established with Local Authority teams (collectively with Homes England and WYCA) to identify the investment needs and delivery strategies across the 16 SPP focus areas (relative to each Local Authority)
- Initial work packages for each focus area in development and revenue funding proposals being taken forward through the Combined

Authority's Housing Accelerator Fund (subject to approval) and Homes England funding streams (subject to approval)

#### Priorities actions for next quarter

- SPP engagement with wider Government stakeholders (DLUHC, Historic England etc)
- Approval of revenue funding streams to commence activity across focus areas
- Organisation of West Yorkshire development event to engage the wider private sector in the SPP ambitions

**Strategic Objective 2** – Realise opportunities to create and grow sustainable neighbourhoods contributing to the region's net zero carbon ambitions

#### Key progress milestones

- Priority areas of activity identified for the next quarter by the workstream group that has now convened
- Review of other regional strategies and research regarding sustainable and net zero delivery commenced
- Initial discussions held to support developing the future ambition for net zero and sustainable new build

#### Priorities for next quarter

- Work with partners to deepen our understanding of the market appetite to deliver net zero in West Yorkshire and the mechanisms for doing so
- Review the pipeline in relation to opportunities for sustainable and net zero development

**Strategic Objective 3** – 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.

#### Key progress milestones

- Priority areas of activity identified for the next quarter by the workstream group that has now convened
- Proposal to build on Leeds Affordable Housing Growth Plan at a regional level in development
- Ongoing dialogue with West Yorkshire Housing Partnership regarding the barriers, challenges and opportunities for affordable housing development in West Yorkshire

#### Priorities for next quarter

- Roll out commission to cover affordable housing delivery models across West Yorkshire (brief to be developed and agreed)
- Identify with West Yorkshire Housing Partnership support required to maintain and build on existing affordable housing delivery pipelines.

- 2.5 The SPP board will meet in November to discuss in detail the progress made against the strategic objectives in the first six months of the partnership and to set the priorities for the next six months. A further update will be brought to committee following this meeting.

#### Housing Accelerator Fund Development

- 2.6 The Housing Accelerator Fund (HAF) is promoted by the Combined Authority and is included in the West Yorkshire Investment Strategy (WYIS) under the Investment Priority 3 - Creating Great Places and Accelerated Infrastructure programme. The programme of activity was subject to the approval of the Strategic Assessment by the Combined Authority at their meeting on 16 March 2023.
- 2.7 The proposed Housing Accelerator Fund will build on the predecessor Housing Pipeline Revenue Fund programme to support projects across the strategic housing pipeline to reach an investment ready position to access suitable capital funding programmes and/or secure private sector investment.
- 2.8 The Combined Authority's role in strategic housing pipeline development has evolved since the inception of the Housing Pipeline Revenue Fund (HPRF) programme with an elected Mayor setting a clear mandate to boost the delivery of affordable and sustainable homes and priorities for housing delivery set out as part of the Strategic Place Partnership. Views from the committee were also sought at the meeting on 1<sup>st</sup> June which have been incorporated into the Housing Accelerator Funds overarching objective and included in the preferred delivery option.
- 2.9 The Housing Accelerator Fund has four key proposed objectives that will support accelerating housing delivery in West Yorkshire:
- 1) **Developing the Strategic Place Partnership Focus Areas:** To support the development of the SPP focus areas identified within the Partnership Business Plan with Homes England.
  - 2) **Accelerating Public Sector Land Release:** To support the release of public sector land for housing, where the public sector has control and has a greater role in place making/shaping and achieving objectives in relation to sustainability and affordability in particular
  - 3) **Boosting local resource and capacity:** To support Local Authority teams to increase capacity and resource to support the delivery of West Yorkshire Strategic Housing Pipeline
  - 4) **Regional capacity building:** Develop the Combined Authority's capacity to take a more proactive role across the West Yorkshire Strategic Housing Pipeline, aligned to the mayoral pledge to support the delivery of affordable and sustainable homes.
- 2.10 The programme will include two cross cutting themes aligned to Mayoral pledge to support the delivery of affordable and sustainable homes.

- 1) **Affordability:** Each project supported through the Housing Accelerator Fund will be tested against the ability to support the development of affordable homes. It is recognised that affordable housing is not suitable for every site and every location, however this would be reviewed across each of the project with a view to identifying the best tenure mix working with partner local authorities and supporting the development of sustainable places.
  - 2) **Sustainability:** Each project supported through the Housing Accelerator Fund will be tested against the ability to develop sustainable homes and places. This will include consideration of the land type (with brownfield land being sustainable), site locations and the potential of the homes to be constructed using low/zero carbon methods and identifying if the homes built can be built to higher energy efficiency/net zero standards. It is recognised that in the current market, zero carbon often presents an immediate negative impact upon viability which will be taken into account on a project level basis.
- 2.11 A long list option appraisal exercise has been carried out to identify the preferred way forward for the programme with a proposed 'hybrid facilitation' model being identified as the route to programme delivery. This proposed route will include three primary activity areas the meet the programme objectives.
- 1) Procurement of a central consultancy that can be utilised over the life of the programme to develop strategic housing pipeline site investment proposals and delivery strategies (this method has been tried and tested through the delivery of the HPRF)
  - 2) Direct recruitment of resource to increase capacity and capability at local levels particularly where resource has been reduced due to budget constraints.
  - 3) Bespoke consultancy packages commissioned directly by Local Authorities where specialist work is required to progress pipeline sites. This was found to be necessary across a number of the HPRF programme projects.
- 2.12 The HAF programme will run from 22/23 for three years through to 25/26 and will have a total funding envelope of £3.2million to support strategic housing pipeline development. The programme is currently in appraisal and is expected to be presented to the Combined Authority for approval in October 2023, after which time delivery will commence.

#### Brownfield Housing Fund

- 2.13 The Brownfield Housing Fund is an £89 million allocation of funding from Government to bring forward new housing developments on brownfield sites where a market failure has prevented development from taking place. The identification of projects suitable for the Fund has been facilitated through two 'Calls for Projects' managed by the BHF team, and the approval of individual projects is subject to their successful progression through the Assurance Framework and related legal and commercial due diligence.

- 2.14 In addition, and in recognition of the Mayor’s wider housing and climate aspirations for the region, projects which include affordable housing and/or building designs with low carbon characteristics have been prioritised where possible. This aligns with the approach taken to identify projects across the wider Strategic Housing Pipeline and the focus areas of the Strategic Place Partnership.
- 2.15 At the June 2023 meeting, Committee members received an update on the challenges entailed in delivering the programme including, but not limited to: annual spend targets; private sector ownership; low land values impacting Benefit Cost Ratio calculations; capacity constraints; and challenging market conditions. Officers have reviewed mitigation options with Internal Leadership Board and district partners<sup>1</sup> to ensure the region maximises opportunities to deliver positive place-based outcomes for our communities.
- 2.16 Officers continue to work with scheme promoters to progress projects and four business cases were submitted for formal appraisal through the Assurance Framework in July which have an estimated combined value of £16.208m grant, delivering 1482 homes, including 233 affordable homes. Three of these projects are scheduled for approval by the Combined Authority in September (to maintain momentum) and one was previously approved by Committee at Outline Business Case stage and therefore has an existing delegation to the Chief Executive to approve the Full Business Case once recommended for approval. Further details will be given at the next Place, Regeneration and Housing Committee in late October.

### **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.
- 3.2 As part of the business case development for the Brownfield Housing Fund each project is required to undertake a carbon impact assessment and demonstrate how the project is making best endeavours to minimise 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

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<sup>1</sup> Directors of Development

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. 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. That the Committee notes the content of the report and provides feedback.

## **11. Background Documents**

There are no background documents referenced in this report.

## **12. Appendices**

None.