
Report to: Combined Authority

Date: 07 September 2023

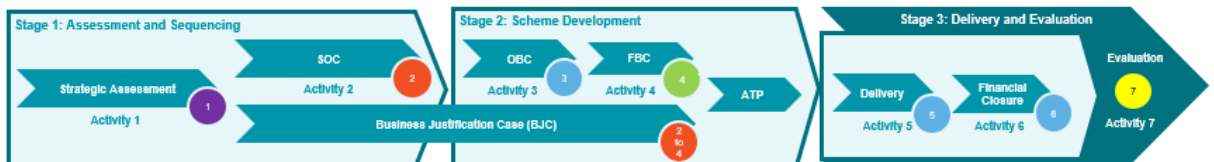
Subject: Project Approvals - Investment Priority 3 – Creating Great Places and Accelerated Infrastructure

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1 Purpose of this report

- 1.1 To report on proposals for the progression of, and funding for projects under Investment Priority 3 – Creating Great Places and Accelerated Infrastructure, within the West Yorkshire Investment Strategy (WYIS), that have been considered at stages 1, 2 and 3 of the Combined Authority’s assurance process.



- 1.2 The recommendations can be found in Section 12 of this report.

2 Report

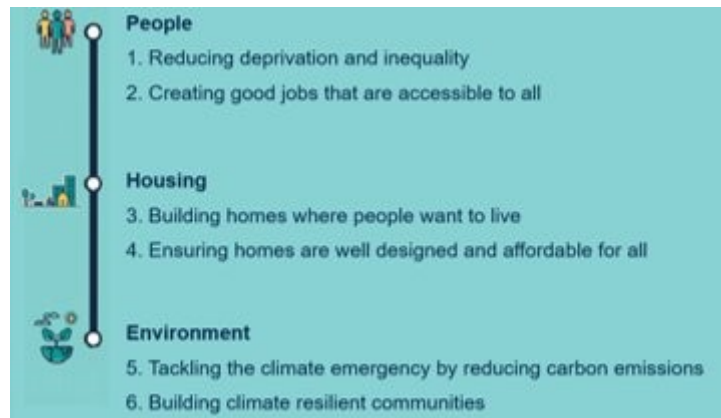
- 2.1 This report presents proposals for the progression of schemes through the Combined Authority’s assurance process in line with the Combined Authority’s Assurance Framework. Further details on the schemes summarised below can be found as part of this report.

3 Investment Priority 3 (IP3) - Creating Great Places and Accelerated Infrastructure

- 3.1 Investment Priority (IP) 3: Creating Great Places and Accelerated Infrastructure, is a broad investment priority with cross-cutting themes and is well aligned to place-making, housing, regeneration, flood risk and digital infrastructure which are key areas of activity driven by the Place Regeneration and Housing Committee, the Combined Authority and the Mayor.

3.2 The Place Narrative¹ provides a level of strategic context for what we want to achieve through investment in place-based activity and the IP3 Portfolio. The Narrative identifies six cross-cutting place-based challenges which underpin our strategic approach to infrastructure programme and delivery.

Figure 1: Place Narrative Cross-Cutting Challenges



3.3 The challenges confirm that despite a thriving economy in parts of the region, not all of our communities feel the benefits of that growth. Increasing polarisation between communities and tackling the climate emergency requires action across all parts of the economy and infrastructure delivery.

3.4 The IP3 Portfolio identifies a range of themes with potential for a significant positive impact on the priorities outlined in the West Yorkshire Investment Strategy. The IP3 Portfolio contains a suite of programmes and projects within one or more of the following themes:

- Housing and Regeneration
- Employment Land
- Spatial Priority Areas
- Flood Infrastructure
- Digital Infrastructure
- Natural Environment and Green Infrastructure
- Safer and Stronger Communities (Safer Parks)

3.5 Our proposed investments in place making, infrastructure and programme development activity aims to shape places in a way that responds to these key challenges. In developing the priorities for the IP3 Portfolio it is useful to reflect on the extent to which investments will help to tackle these challenges.

3.6 Many of the themes specifically provide support and enabling capacity to the commercial sector where there is evidence of market failure. This can be due

¹ The Narrative was produced in partnership with the Place Panel (the advisory panel that preceded Place, Regeneration and Housing Committee).

to a lack of commercial appetite/return or areas which cannot be delivered commercially for example, a public good, such as Green Infrastructure. Other themes support our public sector partners to deliver our shared objectives.

- 3.7 The Combined Authority is working to support housing delivery through a number of programmes. 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 contribute to the delivery of much needed new homes as part of a co-ordinated approach to the regeneration and transformation of its places. A 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.
- 3.8 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. Brownfield Housing Funding is the only fund currently the Combined Authority is utilising to deliver homes or regenerate areas of blighted brownfield. Projects which include affordable housing and/or building designs with low carbon characteristics have been prioritised where possible.

Scheme summaries

<p>Brownfield Housing Fund (BHF) Points Cross Phase 2</p> <p>Leeds</p>	<p><u>Scheme description</u></p> <p>This scheme will develop 183 apartments in the Hunslet area of Leeds City Centre.</p> <p>The scheme will be delivered through the Brownfield Housing Fund.</p> <p><u>Impact</u></p> <p>The 183 high quality and energy efficient homes consist of social rent (114) and affordable shared ownership (69).</p> <p>The development will deliver 10% on site renewable energy and will have other renewable technologies installed such as high efficiency heat recovery ventilation systems included in the development (to improve carbon performance and reduce end user energy costs), 17 electric vehicle (EV) charging points in the underground car park, and energy efficient LED light fittings in all dwellings.</p> <p>The value for money assessment reflects a benefit cost ratio (BCR) of 1.3:1. This is categorised as acceptable value for money.</p> <p><u>Decision sought</u></p> <p>Approval to proceed through decision point 4 (full business case) and work commences on activity 5 (delivery).</p> <p>Total value of the scheme - £63,836,869</p> <p>Total value of Combined Authority funding - £3,000,000</p> <p>Funding recommendation sought - £3,000,000.</p> <p>A decision by the Combined Authority is sought as part of this report</p>
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<p>Brownfield Housing Fund (BHF) - Sky Gardens</p> <p>Leeds</p>	<p><u>Scheme description</u></p> <p>The scheme will develop 306 one, two and three bedroom apartment homes for rent in Leeds.</p> <p>The scheme will be delivered through the Brownfield Housing Fund.</p> <p><u>Impact</u></p> <p>The scheme responds to the climate emergency through its low carbon design, which incorporates a solar heating element and use of natural ventilation. 312 secure cycle spaces and a car club will be provided.</p> <p>The value for money assessment reflects a benefit cost ratio (BCR) of 2.2:1. This is categorised as good value for money.</p> <p><u>Decision sought</u></p> <p>Approval to proceed through decision point 4 (full business case) and work commences on activity 5 (delivery).</p> <p>Total value of the scheme - £72,510,719</p> <p>Total value of Combined Authority funding - £2,850,000</p> <p>Funding recommendation sought - £2,850,000</p> <p>A decision by the Combined Authority is sought as part of this report</p>
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<p>Brownfield Housing Fund (BHF) – Water Lane</p> <p>Leeds</p>	<p><u>Scheme description</u></p> <p>The scheme will develop 375 apartment homes for rent of which 5% will be affordable.</p> <p>The scheme will be delivered through the Brownfield Housing Fund.</p> <p><u>Impact</u></p> <p>The scheme impacts will include provision of 19 affordable homes. It will respond to the climate emergency by its low carbon design features that include fully electric power, smart heating systems, low energy lighting and use of natural ventilation. The design also includes 220 secure cycle spaces and 46 parking spaces with electric charging points.</p> <p>The value for money assessment reflects a benefit cost ratio (BCR) of 2.2:1. This is categorised as good value for money.</p> <p><u>Decision sought</u></p> <p>Approval to proceed through decision point 4 (full business case) and work commences on activity 5 (delivery).</p> <p>Total value of the scheme - £89,955,633</p> <p>Total value of Combined Authority funding - £4,600,000</p> <p>Funding recommendation sought - £4,600,000</p> <p>A decision by the Combined Authority is sought as part of this report</p>
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3.9 Since the Combined Authority's meeting on 27 July 2023, no decision points or change requests have been assessed in line with the Combined Authority's assurance process and approved through the agreed delegation to the Place, Regeneration and Housing Committee.

4 Information

4.1 The Combined Authority's assurance framework requires that formal approval is given to the following elements of a scheme as part of its development:

- The progression of a scheme through a decision point to the next activity.
- Indicative or full approval to the total value of the scheme funding requested.
- The Combined Authority's entry into a funding agreement with the scheme's promoter.
- The assurance pathway and approval route for future decision points.
- The scheme's approval tolerances.

4.2 This report provides information required to enable the Combined Authority to approve each of the above elements.

Projects in Stage 1: Assessment and Sequencing

- 4.3 There are no schemes to review at this stage.

Projects in Stage 2: Scheme development

Project Title	Brownfield Housing Fund (BHF) - Points Cross Phase 2
Stage	2 (scheme development)
Decision Point	4 (full business case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input 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

Background

- 4.4 This scheme will be funded from the Brownfield Housing Fund (BHF). This is a £89 million fund covering West Yorkshire. The BHF programme will support the development of new homes on brownfield sites in the region to be started on site by March 2025. The aim of the BHF programme is to create more homes by bringing forward more brownfield land into development. The fund will target investment to help ease the viability issues that brownfield projects face for example, making former industrial land safe.
- 4.5 The site and land were acquired by The Guinness Partnership in November 2018 and is currently partially vacant. The site was previously used as a car sales and repair garage but is now being developed as part of the wider Points Cross development stages.
- 4.6 This scheme will deliver a sustainable building comprising of 183 affordable residential apartments which will be a mix of shared ownership (69) and social rented (114) located on the outskirts of Leeds City Centre. The development will comprise of 91 x one-bedroom apartments, 56 x two-bedroom apartments, 27 three-bedroom apartments and 9 x three-bedroom town houses.
- 4.7 Phase 2 includes the construction of the underground car parking facility, which will have 45 spaces at basement level and 10 car parking spaces at ground floor level. The underground car park will include 17 EV charging points with associated infrastructure for more to be added at a later date). The

development also includes 559sqm of commercial space, gardens, and landscaping.

- 4.8 The scheme will be developed by The Guinness Partnership Limited (TGP) who specialise in housing developments, and who have a commitment within their strategy (2025) to deliver 5,500 new homes by March 2025 within key local authorities.
- 4.9 The scheme objectives are:
- To develop Phase 2 (0.68ha) of a large (2.64 hectare) brownfield scheme on the edge of Leeds City Centre which maximises opportunities to recycle previously developed land for the district by 2028.
 - To deliver a residential development by December 2025 on previously used sites to allow the north and south halves of Leeds City Centre to be more effectively integrated and better connected, in line with Leeds Local Plan Policy CC2: City Centre South.
 - To deliver 183 affordable residential homes by December 2025 contributing to The Guinness Partnerships' Homes England delivery targets and contributing to delivering housing to combat wider national housing shortage, significantly contributing to Leeds City Council's affordable housing need of 1230 homes per year across the city.
 - To unlock private sector investment and Homes England grant funding by December 2025.
 - To provide 559sqm of commercial space by December 2025 at ground floor as part of this Phase 2 development, providing new employment opportunities.
 - The delivery of the scheme will provide five full time jobs and 12 apprenticeships during the construction phase of the development.
 - To unlock local investment of 15% of contract spend to be with local businesses and small and medium sized enterprises (SME's) (20-mile radius of site).
- 4.10 The Points Cross development has already undertaken work contributing significantly to social value impact and benefits being created outside of contractual obligations as part of the first phase it brought forward. For example, a strong partnering relationship with local colleges, particularly Leeds College of Building, which is adjacent to the site, has been established. Students are involved in the development through work experience throughout the construction phase, as well as 12 apprenticeships at varying levels being provided. The developer has also held engagement learning sessions with large numbers of staff and students, used the local colleges for catering for these sessions, and donated any leftover food to St George's Crypt.
- 4.11 The scheme is requesting £3,000,000 of grant funding from the Combined Authority Brownfield Housing Fund. The total scheme cost is £63,836,869 with £24,032,000 funded from Homes England Social Housing Grant funding and the remainder from The Guinness Partnership.

- 4.12 The scheme contributes to the West Yorkshire Mayor's pledges to 'build 5000 sustainable homes' and 'support local businesses and be a champion for the regional economy'. The homes will be highly sustainable and energy efficient. Providing quality homes for shared ownership and social rent within this area of the South Bank will serve to support high demand for affordable housing in one of the most disadvantaged wards in Leeds and boost and support local businesses and city centre workers.
- 4.13 A summary of the scheme's business case and location map is included in **Appendix 1**.

Tackling the Climate Emergency Implications

- 4.14 The scheme has been designed to achieve 10% on site renewable energy as required by Leeds City Council. The scheme also includes:
- The heating system will be fully electric.
 - High efficiency heat recovery ventilation systems throughout the development to improve carbon performance and reduce end user energy costs.
 - 17 electric car charging points will be installed in Phase 2 of the development, along with the underground infrastructure to add further charging points at a later date.
 - All dwellings have been designed with energy efficient LED light fittings. The communal areas of the development have movement activated lighting controls to aid the reduction in energy use.
- 4.15 A full Carbon Impact Assessment (CIA) has been completed for the scheme.

Outputs and Benefits

- 4.16 The scheme outputs and benefits include:
- To meet local and national housing need through contributing 183 new homes in the South Bank area of Leeds City Centre, started on site by 2025.
 - Phase 2 will remediate 0.68 hectares of brownfield land (total scheme is 2.64 hectares) by 2028.
 - Creation of 12 apprenticeships during the construction of the development.
 - Creation of five full time jobs during the construction of the development.
 - Provide 17 electric vehicle (EV) charging points and the infrastructure for more to be added at a later date.
 - 45 car parking spaces will be built in the underground car park with 10 spaces being available at a ground floor level.
 - 15% contract spend to be with local businesses supporting SMEs.

- 4.17 The value for money assessment reflects a benefit cost ratio (BCR) of 1.3:1. This is categorised as acceptable value for money.

Inclusive Growth Implications

- 4.18 The scheme inclusive growth implications include:
- The Points Cross scheme supports the Inclusive Growth Strategy by increasing the attractiveness of the city centre to draw investment. It is particularly important in unlocking land to allow the provision of affordable homes within one of the most deprived wards in Leeds.

Equality and Diversity Implications

- 4.19 A Stage 2 Equality Impact Assessment (EqIA) has been undertaken for the scheme and equality and diversity impacts taken account of as part of the development of the scheme and the business case development.
- 4.20 Physical disability has been considered as part of the planning process for the scheme. The scheme will provide homes to a standard which provides a higher level of accessibility and adaptability than standard housing.

Risks

- 4.21 The scheme risks include:
- Non-compliance with building control, building regulator and warranty provider - Points Cross Phase 2 is within scope of the Building Safety Regulator. The implementation of the Building Safety Act to ensure compliance is still uncertain due to the Act not being finalised at present. Mitigation is to have included measures that exceed what is expected under the existing regulations.
 - Permanent closure of Chadwick Street highway – The temporary highway closure of Chadwick Street in place until February 2024. Permanent ‘stopping up’ court order is being progressed by Leeds City Council (LCC). Mitigation is TGP to continue to monitor the application by Leeds City Council.
 - The start on site date is delayed - This will be mitigated by the programme being reviewed each week at a meeting with mitigation measures agreed. The programme has been updated to reflect the value engineering exercise, tender review, and analysis period.

Costs

- 4.22 The total scheme costs are £63,836,869.
- 4.23 The Combined Authority’s contribution is £3,000,000 from the Brownfield Housing Fund. The remaining funding is £24,032,000 from Homes England Social Housing Grant funding and the remainder from The Guinness Partnership Limited.
- 4.24 All funding has been secured.

- 4.25 The Combined Authority will need to enter into a funding agreement with The Guinness Partnership for expenditure of up to £3,000,000 from the Brownfield Housing Fund.

Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority	07/09/2023
Approval to Proceed	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Chief Operating Officer	31/10/2023
5 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Chief Operating Officer	31/12/2025

Other Key Timescales

- Start on site (mobilisation) – July 2023
- Substructure – November 2023
- Roofing and waterproofing – January 2025
- Completion on site – December 2025

Assurance Tolerances

Assurance tolerances
<p>Combined Authority costs remain within those outlined in this report.</p> <p>Delivery (DP5) timescales remain within +6 months of those outlined in this report.</p> <p>Outputs and benefits remain within -10% of those outlined in this report.</p>

Appraisal Summary

- 4.26 The scheme has clear alignment to local and regional and national policies, strategies, aims and priorities and will contribute to Leeds City Council's local plans (specifically ambitions for the South Bank Regeneration), and the Combined Authority's Strategic Economic Framework (SEF) and Mayor's pledges to build more sustainable homes and champion the local economy.
- 4.27 The land/site was acquired by The Guinness Partnership in November 2018, with the planning application being approved on 20 November 2018. A non-material amendment planning revision has been submitted to Leeds City Council and approval of this is outstanding but expected to be in place in time for the delivery of the scheme.

- 4.28 Market demand appears clear and evidenced and being in one of the wards with highest deprivation in Leeds, new social rented and affordable homes are in strong demand.
- 4.29 The BCR is 1.3:1 which is categorised as acceptable value for money for the BHF programme.

Recommendations

- 4.30 The Combined Authority, subject to the conditions set by the Programme Appraisal Team, approves that:
- (i) The Points Cross Phase 2 scheme proceeds through decision point 4 (full business case) and work commences on activity 5 (delivery).
 - (ii) Approval to the Combined Authority's contribution of £3,000,000. The total scheme value is £63,836,839.
 - (iii) The Combined Authority enters into a funding agreement with The Guinness Partnership for expenditure of up to £3,000,000.
 - (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

Project Title	Brownfield Housing Fund (BHF) – Sky Gardens
Stage	2 (scheme development)
Decision Point	4 (full business case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input 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

Background

- 4.31 This scheme will be funded from Brownfield Housing Fund (BHF). This is a £89 million fund covering West Yorkshire. The BHF programme will support the development of new homes on brownfield sites in the region to be started on site by March 2025. The aim of the BHF programme is to create more homes by bringing forward more brownfield land into development. The fund will target investment to help ease the viability issues that brownfield projects face, for example, making former industrial land safe.
- 4.32 The Sky Gardens development is on a compact site within 15 minutes walking distance of Leeds City Centre. The historic site previously operated as Midland Mills which closed in 1982, and the Grade II listed mill buildings remain on the site and will be incorporated in the new development, along with the new build tower.
- 4.33 The scheme will provide 306 one, two and three bedroomed apartments for rent accommodated in part within the restored Midland Mill buildings and in a new 33 storey tower designed to complement the heritage buildings and the city skyline. Within the scheme, there is communal amenity space for use by all residents and ground floor business space is being created for retail and commercial use.
- 4.34 The business space is intended for rent by retail or commercial businesses, which could create up to 20 jobs at the site.
- 4.35 Through the statutory planning process, none of the flats in the scheme will be offered on an affordable rent but the developer is contributing £1,626,214 to Leeds City Council to support the development of affordable homes in the city.
- 4.36 The scheme was originally granted full planning consent in 2019 and this was renewed in August 2022. The project is currently developed to the construction

industry RIBA stage 3+ and will be developed to RIBA 4 and be ready to start on site by late August 2023.

- 4.37 A summary of the scheme's business case and location map is included in **Appendix 2**.

Tackling the Climate Emergency Implications

- 4.38 The scheme will incorporate 312 cycle parking spaces with 70 bicycles provided for use by residents. A car club will also be established.
- 4.39 The scheme will benefit from roof mounted solar photovoltaics panels, low carbon air source heat pumps, low energy lighting with energy saving controls.
- 4.40 The development design uses 'fabric first' insulation standards for walls, roofs and floors and reduced heat loss through glazing that exceeds current building regulations.

Outputs and Benefits

- 4.41 The scheme outputs and benefits include:
- Development of a brownfield site, inactive since 1982, that includes the historic Grade II listed Midland Mills buildings.
 - 306 high quality one, two and three bedroom apartments will be spread across Midland Mill and 32 floors of the new iconic 33-floor Midland Tower, providing homes with capacity for up to 600 people. Residents will be 15 minutes' walk from City Square, promoting walking, cycling and access to first rate public transport.
 - Communal amenity space will include concierge desk in reception, lounge, gym, and storage for 312 cycle storage spaces with 70 bicycles provided for residents.
 - Business space on the ground floor of 363m² for retail or commercial uses.
 - External amenity space to include Leeds Car Club parking spaces for cars that can be rented by the hour.
 - An accessible rooftop garden with 'green wall' wind mitigations and landscape planting space of 1,639m² that will enhance biodiversity.
 - Subject to the business space being fully let, potential for up to 20 full time jobs.
 - The scheme will contribute to and complement the existing developments in the Holbeck area that are delivering to the local plan, celebrating its industrial heritage, and creating a new city centre community. It will sustain investor confidence for future developments including at the adjacent Water Lane development.
- 4.42 The value for money assessment reflects a benefit cost ratio (BCR) of 2.2:1. This is categorised as good value for money.

Inclusive Growth Implications

4.43 The scheme inclusive growth implications include:

- A commuted sum payment from the developer of £1,626,214 has been agreed as part of the planning consent to contribute to affordable homes locally.
- There is a commitment to create commercial premises on the ground and up to 20 jobs, subject to attracting commercial/retail tenants.

Equality and Diversity Implications

4.44 An Equality Impact Assessment (EqIA) has been undertaken for the scheme and equality and diversity impacts taken account of as part of the development of the scheme and the business case development.

4.45 All homes meet the nationally described space standards and in the tower block are fully accessible by the three lifts provided, although apartments in the converted mill buildings have stairs only.

4.46 The developer is committing to 'quality inclusive amenities available to all residents, to build a strong sense of community.'

Risks

4.47 The scheme risks include:

- Price of construction rises due to increase in material or labour costs due to inflation or shortages caused by war or climate or other unknown factors. This risk is to be transferred to the main contractor in a fixed price contract.
- On site delays causing the scheme to run over programme. This is mitigated by the developer including financial penalties in the contract with the main contractor for the construction. Also appointing a project manager consultancy to continuously facilitate progress to plan between the delivery partners and consultants engaged in the delivery. This will include managing change and risk.
- Not reaching an agreement with Network Rail to permit work on site next to the railway. This and other consents will be checked as part of due diligence to be carried by the BHF team or will be a condition in the grant agreement is signed.

Costs

4.48 The total scheme costs are £72,510,719.

- The Combined Authority's contribution is £2,850,000 from the Brownfield Housing Fund.
- The remaining funding is from the private sector developer.
- The Combined Authority will need to enter into a funding agreement with CityLife Holdings 6 Limited for expenditure of up to £2,850,000 from the Brownfield Housing Fund.

Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
4 (full business case)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority	07/09/2023
Approval to Proceed	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Chief Operating Officer	20/10/2023
5 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Chief Operating Officer	July 2026

Other Key Timescales

- Sky Garden Tower – Start on site October 2023
- Midland Mill – Start on site January 2024
- Midland Mill – Completion on site June 2025
- Sky Garden Tower – Completion on site May 2026

Assurance Tolerances

Assurance tolerances
<p>Combined Authority costs remain within those outlined in this report.</p> <p>Delivery (DP5) timescales remain within +6 months of those outlined in this report.</p> <p>Outputs and benefits remain within -10% of those outlined in this report.</p>

Appraisal Summary

- 4.49 There is a clear strategic need for this scheme as it contributes a substantial number of homes to the Mayoral pledge to build 5,000 homes and contributes towards a large number of housing units (306) in the wider Leeds City Centre. The scheme will also redevelop a Grade 2 listed Midland Mill building which has been vacant since 1982.
- 4.50 The scheme is adopting a robust procurement strategy to assure value for money in the selection of the main contractor to whom the risk of cost increases during construction will be transferred. The developer has experience in developing similar schemes and full planning permission is in place for delivery.
- 4.51 There are numerous low carbon measures incorporated into the design such as solar heating, solar photovoltaics panels and high-quality glazing.

Recommendations

- 4.52 The Combined Authority, subject to the conditions set by the Programme Appraisal Team, approves that:
- (i) The Sky Gardens BHF scheme proceeds through decision point 4 (full business case) and work commences on activity 5 (delivery).
 - (ii) Approval to the Combined Authority's contribution of £2,850,000. The total scheme value is £72,510,719.
 - (iii) The Combined Authority enters into a funding agreement with CityLife Holdings 6 Limited for expenditure of up to £2,850,000.
 - (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

Project Title	Brownfield Housing Fund (BHF) – Water Lane
Stage	2 (scheme development)
Decision Point	4 (full business case)

Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for call-in by Scrutiny?	<input checked="" type="checkbox"/> Yes	<input 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

Background

- 4.53 This scheme will be funded from the Brownfield Housing Fund (BHF). This is a £89 million fund covering West Yorkshire. The BHF programme will support the development of new homes on brownfield sites in the region to be started on site by March 2025. The aim of the BHF programme is to create more homes by bringing forward more brownfield land into development. The fund will target investment to help ease the viability issues that brownfield projects face, for example, making former industrial land safe.
- 4.54 The Water Lane development is on a 0.67-hectare brownfield site within 15 minutes walking distance of Leeds City Centre that is currently used as an ad hoc informal car park by commuters. The historic site previously accommodated an industrial mill dating from the 18-century adjacent to the railway. The Water Lane site is adjacent to the Midland Mills site which also has ambitious redevelopment plans that this current scheme will complement. The scheme will be developed by McLaren Living.
- 4.55 The scheme includes a medium high-rise block to 25 floors offering 375 build to rent homes including a 5% affordable element made up of 19 affordable three bedroomed apartments. The development includes provision of amenity space which includes landscaped outside space. A gym is also included as part of communal amenity space.
- 4.56 The building is designed to have a low carbon footprint in operation as it is orientated to the sun to achieve maximum solar gain, has natural ventilation and smart heating systems that will enable tenants to see and control their energy use in real time. The scheme will have low energy lighting throughout and water meters. The scheme will also promote sustainable travel and lifestyles as it is merely 15 minutes on foot from City Square and the train station. The scheme includes substantial secure cycle storage for 220 bicycles in the interior amenities and only 46 parking spaces that can be rented, all equipped with electric charging points.

- 4.57 The developer, as a planning condition, is contributing £355,463 to highways improvements for pedestrians and cyclists' facilities that will benefit access to the scheme and the local community.
- 4.58 The scheme has full planning permission and is fully developed to the construction industry RIBA stage 4, meaning it is ready to start on site once funding is in place.
- 4.59 The scheme delivers to the Mayor's pledge of building 5,000 homes including affordable homes by creating 375 new homes of which 19 are affordable and intended for families. The scheme also contributes 13 new jobs towards the Mayor's pledge of creating 1,000 jobs and the Strategic Economic Framework's aim of boosting productivity. Inclusive growth is addressed by the provision of the affordable homes and tackling the climate emergency by the low carbon measures.
- 4.60 A summary of the scheme's business case and location map is included in **Appendix 3**.

Tackling the Climate Emergency Implications

- 4.61 The building will be developed to a high quality and low carbon design on a disused city centre brownfield site close to jobs, education, and public transport.
- 4.62 The building design will be fully electric, orientated to maximise solar gain, efficient glazing, and energy efficient lighting. Natural ventilation and smart energy management systems, enabling residents to monitor and manage their energy use, will be implemented.
- 4.63 Infrastructure on site will provide 220 secure cycle spaces, 46 car parking spaces, and a gym for residents onsite. All parking spaces will have electric vehicle charging.
- 4.64 Section 106 funding agreed as part of planning conditions will invest £355,463 in highways infrastructure improvement for pedestrians and cyclists in the area and those accessing the scheme promoting more active travel.
- 4.65 Operational carbon, which is the carbon emissions associated with the use of the building, will be low because of the design that ensures good light levels, with building orientation designed to maximise free solar gain. The building will be fully electric and use smart energy management systems enabling residents to monitor and manage their energy and water use.

Outputs and Benefits

- 4.66 The scheme outputs and benefits include:
- 375 city centre homes to rent that meet or exceed national standards for internal space.
 - 13 full time permanent jobs in facilities management and services will be provided by the funder/operator.

- 19 affordable homes with three bedrooms for families.
- 220 secure cycle spaces.
- 46 car parking spaces all with electric charging points and two Leeds Car Club parking spaces for rental of shared vehicles on an hourly basis.
- Remediation of a 0.67 hectares (1.5 acres) brownfield site.
- Creating 650m² of internal amenity space including a gym and 886m² of external gardens.
- The scheme's benefit cost ratio is 1.8:1 which demonstrates satisfactory value for money for the grant invested and this may rise on reappraisal when the final costs are known with the selection of the main contractor in September 2023.
- During construction from 2023-26, the applicant will ensure seven apprenticeships are supported.
- During construction from 2023-26, 134 construction jobs will be created, with the aim of 50% to be with sub-contractors from Leeds or wider West Yorkshire area.

4.67 The value for money assessment reflects a benefit cost ratio (BCR) of 2.2:1. This is categorised as good value for money.

Inclusive Growth Implications

4.68 The scheme inclusive growth implications include:

- The scheme will provide city centre accommodation to address historic undersupply to house people within 15 minutes' walk of the city centre amenities, jobs, and national public transport hubs for example Leeds Railway Station.
- Accommodation is in short supply in Leeds and the scheme will provide 19 affordable three-bedroom homes.

Equality and Diversity Implications

4.69 An Equality Impact Assessment has been submitted for this scheme.

4.70 The scheme will be fully accessible on all floors with the provision of six lifts at the site.

Risks

4.71 The scheme risks include:

- Significant construction cost inflation over the last two years has impacted upon the overall viability of the development. The risk to increase costs remains but is being mitigated by putting in place a fixed price contract with the main contractor. Also, any costs for any future design changes will be met by the future funder.

Costs

- 4.72 The total scheme costs are £89,955,633.
- 4.73 The Combined Authority's contribution is £4,600,000 from the Brownfield Housing Fund. The remaining funding is from the developer.
- 4.74 The Combined Authority will need to enter into a funding agreement with McLaren Living for expenditure of up to £4,600,000 from the Brownfield Housing Fund.

Assurance Pathway and Approval Route

Assurance pathway	Approval route	Forecast approval date
5 (full business case with finalised costs)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority	07/09/2023
Approval to Proceed	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Chief Operating Officer	30/09/2023
5 (delivery)	Recommendation: Combined Authority's Programme Appraisal Team Decision: Combined Authority's Chief Operating Officer	28/11/2026

Other Key Timescales

- Award build contract to main contractor - September 2023.
- Select future funder/owner - October 2023.
- Deadline for site purchase - October 2023.
- Start on Site - October 2023
- Practical completion on site - October 2026.

Assurance Tolerances

Assurance tolerances
Combined Authority costs remain within those outlined in this report. Delivery (DP5) timescales remain within +6 months of those outlined in this report. Outputs and benefits remain within -10% of those outlined in this report

Appraisal Summary

- 4.75 There is a strong strategic recognition both nationally and locally in the Holbeck area of Leeds of the need for provision of high-quality low carbon housing, including an affordable element, to respond to city centre population growth as evidenced in the latest census. The under supply of rented homes

in the city centre has been validated by an independent review of the state of the rental market in Leeds.

- 4.76 The initial benefit cost ratio of delivering the preferred scheme on this site is 1.8:1 and this could rise to 2.2 according to the adjusted assessment. In terms of procurement the main contractor is being selected through a competitive tendering process which will assure best value. The final costs will also be known in September when the main contractor is appointed, and a renewed economic appraisal will then take place by the BHF Team.
- 4.77 Full planning consent for the scheme is granted and the management structure is in place to deliver the scheme including experienced private partners responsible for development project delivery including fire regulations and wind appraisal for high rise buildings.
- 4.78 A Stage 2 Carbon Impact Assessment will be required when approval to proceed is sought.

Recommendations

- 4.79 The Combined Authority subject to the conditions set by the Programme Appraisal Team, approves that:
- (i) The BHF Water Lane scheme proceeds through decision point 4 (full business case) and work commences on activity 5 (delivery).
 - (ii) Approval to the Combined Authority's contribution of £4,600,000. The total scheme value is £89,955,633.
 - (iii) The Combined Authority enters into a funding agreement with McLaren Living for expenditure of up to £4,600,000.
 - (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

Projects in Stage 3: Delivery and Evaluation

4.80 There are no schemes to review at this stage.

5 Tackling the Climate Emergency implications

5.1 The Climate Emergency implications have been considered on all projects included in this report as part of their business case development.

6 Inclusive Growth implications

6.1 The inclusive growth implications have been considered on all projects included in this report as part of their business case development.

7 Equality and Diversity implications

7.1 Equality Impact Assessments (EqIA) have been undertaken on all projects included in this report as part of their business case development.

8 Financial implications

8.1 The report seeks endorsement to expenditure from the available Combined Authority funding as set out in this report.

9 Legal implications

9.1 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.

10 Staffing implications

10.1 A combination of Combined Authority and local partner council project, programme and portfolio management resources are or are in the process of being identified and costed for within the schemes in this report.

11 External consultees

11.1 Where applicable scheme promoters have been consulted on the content of this report.

12 Recommendations (Summary)

Brownfield Housing Fund (BHF) Points Cross Phase 2

12.1 The Combined Authority, subject to the conditions set by the Programme Appraisal Team, approves that:

(i) The Points Cross Phase 2 scheme proceeds through decision point 4 (full business case) and work commences on activity 5 (delivery).

(ii) Approval to the Combined Authority's contribution of £3,000,000. The total scheme value is £63,836,839.

- (iii) The Combined Authority enters into a funding agreement with The Guinness Partnership for expenditure of up to £3,000,000.
- (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

Brownfield Housing Fund (BHF) - Sky Gardens

12.2 The Combined Authority, subject to the conditions set by the Programme Appraisal Team, approves that:

- (i) The Sky Gardens BHF scheme proceeds through decision point 4 (full business case) and work commences on activity 5 (delivery).
- (ii) Approval to the Combined Authority's contribution of £2,850,000. The total scheme value is £72,510,719.
- (iii) The Combined Authority enters into a funding agreement with CityLife Holdings 6 Limited for expenditure of up to £2,850,000.
- (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

Brownfield Housing Fund (BHF) – Water Lane

12.3 The Combined Authority subject to the conditions set by the Programme Appraisal Team, approves that:

- (i) The BHF Water Lane scheme proceeds through decision point 4 (full business case) and work commences on activity 5 (delivery).
- (ii) Approval to the Combined Authority's contribution of £4,600,000. The total scheme value is £89,955,633.
- (iii) The Combined Authority enters into a funding agreement with McLaren Living for expenditure of up to £4,600,000.
- (iv) Future approvals are made in accordance with the assurance pathway and approval route outlined in this report. This will be subject to the scheme remaining within the tolerances outlined in this report.

13 Background Documents

13.1 None as part of this report.

14 Appendices

Appendix 1 - Brownfield Housing Fund (BHF) Points Cross Phase 2 – Business Case Summary

Appendix 2 - Brownfield Housing Fund (BHF) - Sky Gardens - Business Case Summary

Appendix 3 - Brownfield Housing Fund (BHF) – Water Lane - Business Case Summary