

Housing Scrutiny Commission

House Building Delivery

Report to be considered by:

Housing Scrutiny Commission: 1st. August 2022

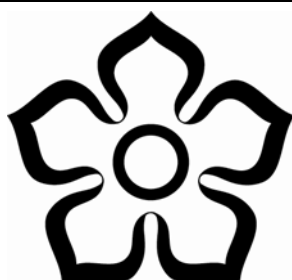
City Mayor for Housing: Cllr Cutkelvin

Lead director: Chris Burgin

Useful information

- Ward(s) affected: All
- Report author: Simon Nicholls, Head of Service
- Author contact details: 395273
- Report version number: V6

1. Summary



City Mayor

The Housing and Economic Development Needs Assessment (HEDNA) 2017 concluded that Leicester's estimated level of Affordable Housing Need per annum for the period 2011-31 is 786. The average number of Affordable Housing completions achieved per year during the period 2011/12 – 2018/19 was 156; less than 20% of this evidenced need.

The Manifesto (2019/20 -2022/23) includes an ambitious target to achieve 1,500 more council, social and extra care homes, a delivery target that's at least double the completions achieved in any prior administration since current records began (in 2008/09).

This ambitious target has focused efforts across the council and encouraged new and innovative means of securing the new supply of affordable housing, including a very significant in-house acquisition programme.

This report sets out progress towards meeting this manifesto commitment with over 1,100 units either completed or now in progress to be delivered. Work is ongoing to deliver those in progress and secure and deliver all possible opportunities.

The new ways of working will continue to be harnessed beyond March 2023, to enable more evidenced needs to be met.

1. Recommendation

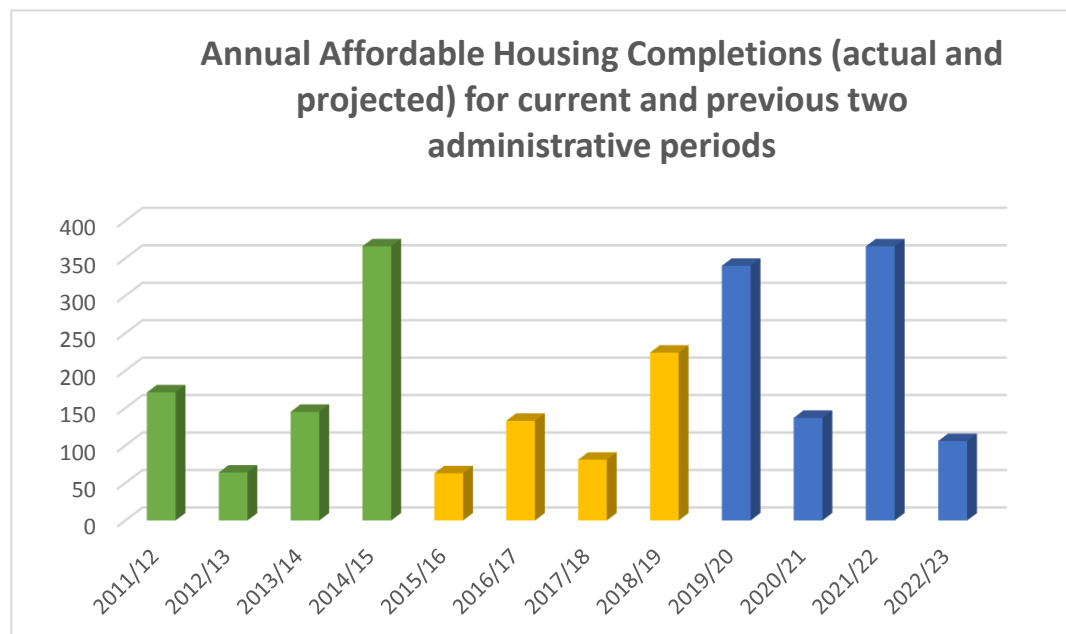
That the Housing Scrutiny Commission note this progress report on Housing delivery

3. Supporting information including options considered:

The 2019 manifesto includes a target to provide 1,500 more council, social and extra care homes. This has always been a very ambitious target, especially given:

- i) The previously documented shortage of sites available for residential development in the city;
- ii) That the pipeline of new supply of affordable housing as at 31.3.19 projected a total of 226 completions between the 4 year period 1.4.19 – 31.3.23;
- iii) The overall total of new affordable housing completed in the 4 year period 1.4.15 – 31.3.19 was 501 and, in the previous 4 year period of 1.4.11 – 31.3.15, was 746: ie a third and a half of the current ambitious manifesto target.

Our data on completions and projections as at June 2022 conclude that we are on now on target to deliver a total of at least 1100 completions. That's 77% of the Manifesto target and represents a massive 37% increase on any previous administrative period's affordable housing completions. Please see figure below for actual and projected completions for the 12 year period 2011/12 – 2022/23:



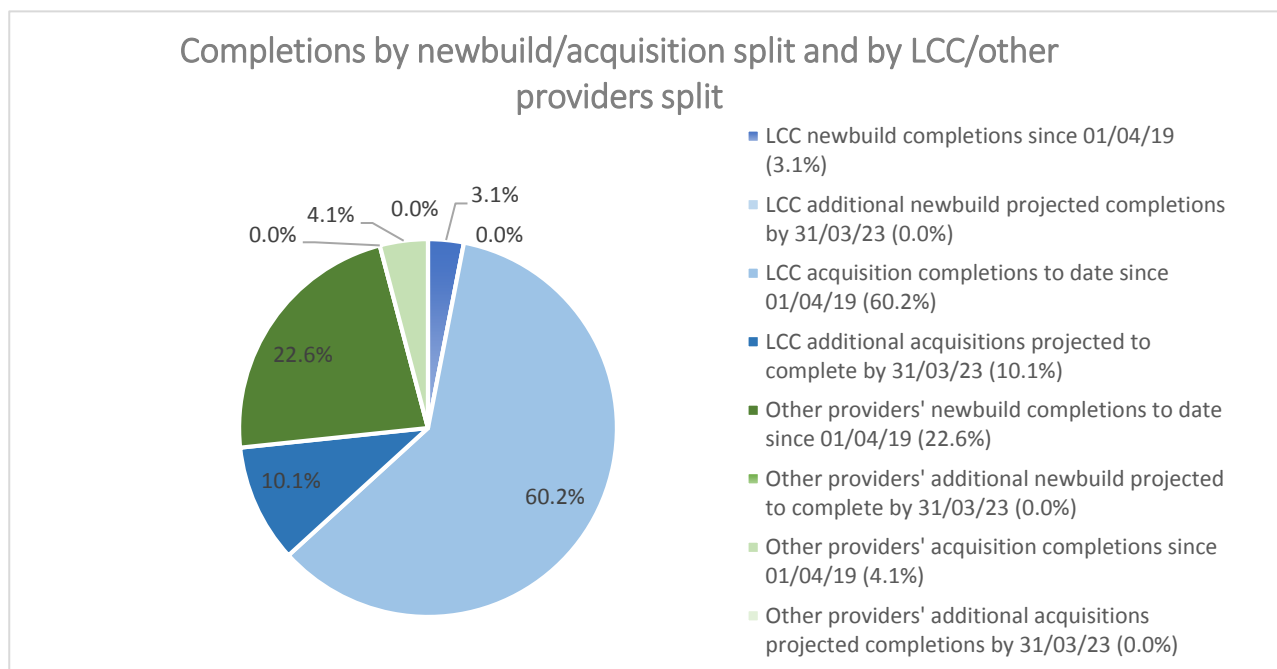
The manifesto target has resulted in long-term concerted efforts across the council to seek to deliver more affordable housing and, by 13th June 2022, 853 new affordable housing homes had been completed, and a further 298 are in the pipeline and projected to complete.

Whilst the target has always been ambitious, any and all potential means of achieving new supply have been explored, including:

- A very successful programme of acquiring former council homes;
- The re-start of the newbuild council housing programme;
- The acquisition of a large number of former nurses' accommodation;
- acquiring portfolios of privately-owned accommodation.

The following pie-chart shows the proportion of actual/projected completions for the Manifesto period resulting from the council's newbuild programme, other providers'

(including Registered Providers) newbuild programmes (including S106/Planning Gain completions), the council's acquisition programme and other providers' acquisition programmes:



Any new supply of affordable housing is achieved either via the newbuild of dwellings or through the acquisition of private/non-affordable homes available to buy (plus any new homes achieved via conversion of non-residential space). The above pie chart clearly demonstrates how important acquisitions are and have been to achieve this high completions performance: 74% of the total projected completions within the manifesto period are via acquisitions and nearly all of these acquisitions have been part-funded by Right To Buy Receipts funds. The huge majority of these acquisitions (94%; 664 dwellings) have been bought by LCC itself; the remaining 42 being purchased by an RP and other providers.

This reliance on acquisitions has been brought about by the lack of available sites for newbuild residential development (see below for more details). This is because of the lead-in period required for newbuild projects, including the planning process, procurement and the build period itself. The lead-in period for acquisitions can vary significantly depending on the nature of the acquisition (eg single property or sizeable portfolio of many properties), the due diligence required, the circumstances of other parties involved in the purchase 'chain', etc. The 'fastest' acquisition completions we've experienced for individual properties, from the point of having our offer accepted to the point of purchase completion is about 2½ months but the more usual timespan for this is approximately 4 – 6 months.

The financial year 22/23 is the first year that the Government will cap the number of RTBR-funded acquisitions to match the number of RTBR-funded newbuild starts on sites plus a buffer of 20. There is a total of 76 RTBR-funded newbuild starts on sites projected for 2022/23 and so the maximum number of RTBR-funded acquisitions we can achieve next year is 106 (because of the addition of the buffer plus an element of 'buy-backs').

We have already, in principle, agreed to fund RWHC's proposed 5 new acquisitions subject to their completion by September 2022 and so that leaves a maximum of 101-

106 RTBR-funded acquisitions for LCC to aim for by March 2023 (10 of which have already been delivered).

Moving forward our approach to the delivery of new affordable housing will focus on new build council housing. We already have sites at Stocking Farm, Southfields Newry, Phase 3, FLEC and future phases dedicated to the delivery of new build homes. Delivery will continue to include acquisitions, but the overall percentage of acquisitions will reduce.

Officers have asked Home England (HE) to consider making an exception to its current funding programme priority for new build. Should HE confirm within the next few months that it will fund a number of acquisitions in Leicester, then there is a good chance that this will result in additional completions by March to the projection within this report.

Over the Manifesto period, there have been many issues which have restricted potential supply and there are many risks to our projected pipeline supply.

The **issues** which have already curtailed potential supply include:

1. **The very real lack of available sites for residential development.** Historically, Registered Providers (RPs) have been the major providers of new affordable housing in the city, bringing access to privately-owned sites and significant investment from Homes England (HE - and its predecessors) and their own funds. For at least the past 3 or 4 years, RPs have consistently advised of difficulties in accessing sites in Leicester city. It has proved difficult to identify sites to bring forward for our own newbuild council housing programme and this is evidenced by the relatively small and constrained sites within our recent new council build programme.
2. **Decrease in securing planning gain affordable housing:** Historically, a proportion of our new supply of affordable housing has been delivered via planning gain (Section 106 contributions). For a period now, the proportion and number of applicable planning consents which include planning gain affordable housing has reduced.
3. **The delays to the new Local Plan process:** In order to seek to address the site shortage issue, officers had projected which council-owned 'Local Plan sites' might be developed on by March 2023 and which ones were worth exploring in terms of bringing forward in advance of adoption of the new Local Plan. In September 2019, the adoption of the new Local Plan was expected to take place in late 2021. By September 2021, its adoption was projected for late 2022: too late to then submit planning applications for any supply to complete by March 2023. Proposals to bring sites forward ahead of the Local Plan were dropped to ensure that the council could be seen to be treated the same as any other applicant and not seeking to pre-judge due process (including consultation) within the Local Plan process.
4. **The Covid-19 pandemic, lockdowns and resulting restrictions and practices** have resulted in periods of complete shut down on sites, delays/extensions to project timetables because of Covid safety measures (eg restrictions to number of trades/people on site at any one time), material shortages (because of no production/movement of materials during lockdown), etc.
5. **Delays to the proposed delivery of 155 new Extra Care dwellings:** The completion of the two new proposed schemes at the Hamelin Road site and Tilling Road site had been comfortably projected to fall within the manifesto target but

the lead RP unexpectedly pulled out and securing another RP to deliver the schemes has caused inevitable delays.

6. **Changes to Right To Buy Receipts (RTBR) spending rules, in terms of capping the proportion of acquisitions funded** will limit the number of RTBR-funded acquisitions that can be purchased in the final year of the manifesto period to just 20 above the number of RTBR-funded newbuild start-on-sites. Given the constraints on sites for new build, this is significant blow, especially given that the only completions projected for 2022/23 are acquisitions.
7. **Significant increases in actual and projected costs and inflation** The pandemic, Brexit, etc have resulted in a shortage of construction labour and skills, shortage of materials, increased costs and uncertainties, etc. This has led to delays to project timetables eg 'award of contracts' for the Phase 2 and Phase 2B sites have been delayed by at least 3 months.
8. **The proposed purchase of 383 dwellings from Jamie Lewis**, which was expected to complete within this financial year – ahead of the cap on number of RTBR-funded acquisitions – has significantly impacted on our ability to meet the manifesto target.
9. **The unsuccessful bid for the Clarion portfolio 330 units**, Clarion were seeking a housing provider to buy their affordable housing stock in Leicester and Nottingham, we bid for the Leicester lot but our bid was unsuccessful.
10. **Northgate Street acquisition 67 units**, the councils offer was rejected by the Vendor.

The issues and assumptions which have affected (and **risks** which may affect) supply of completions during the remaining manifesto period include:

1. **Ongoing labour and materials shortages and uncertainties**
2. **Constraints to the availability of suitable privately-owned dwellings for acquisitions.**
3. **That we achieve a start on site at all phase 2 and 2b schemes:** The previous and ongoing issues faced by these schemes. This impacts on the number of acquisitions we can buy in 22/23.
4. **That HE confirms their willingness to fund acquisitions in Leicester.**

Current Council House Building Activity:

Summary of sites and the current delivery timetable:

Scheme	23/24	24/25	25/26	26/27	27/28
Phase 2- Saffron	38				
Phase 2 - Lanesborough		37			
Phase 2b	18				
Phase 3		53			
Southfields/Newry		30	25		
Stocking Farm		20	30		
FLEC		33			
Phase 4 – nonstrategic local plan sites			100*	100*	154*
Totals	56	173	155	100	100

*estimated

Phase 2.

75 homes across 2 sites
Saffron Velodrome, 38 homes

Project Status	Robert Woodhead Limited (RWL) are the appointed contractor. Site boundary across the athletics carpark to be marked out and agreed with Sports Leisure/EBS. Erection of site hoarding to commence week of 6 th June. Press release prepared and to be published week commencing 30 th May informing the public of the proposed development.	
Delivery Timescales	Site Possession: April 2022	Completion: March 2024
Total Project Budget inclusive of professional fees and contributions	£15,048,555	

Lanesborough Road, 37 homes

Project Status	All outstanding information requested by planning to be submitted by 21 st June including additional vehicle tracking survey and details for the SUDs. Monitoring of the badgers to commence early June.	
Delivery Timescales	Site Possession: November 2022	Completion August 2024
Total Project Budget inclusive of professional fees and contributions	Circa £16,000,000 including an inflation allowance.	

Phase 2b.

18 new homes across 4 sites
Hydra Walk (2 homes), Rockingham Close (3 homes), Austin Rise (8 homes) Whitteney Drive (5 homes)

Project Status	Contract values have been negotiated with RWL based on the pricing structure agreed for Phase 1 which was deemed competitive and acceptable in terms of Value for Money. Waiver confirming this approach signed for Hydra Walk and legal preparing contract documents with the intention of entering into a contract with RWL. Remaining 3 sites are subject to a further review of costs and a Value for Money exercise.	
Delivery Timescales	Site Possession: August 2022	Completion: August 2023
Total Project Budget inclusive of	£7,800,000	

professional fees and contributions	
--	--

Phase 3.

Estimated 53 homes across

Cranstone Crescent (3 homes), Tatlow Road (2 homes), Somers Road (3 homes). Tilling Road (18 homes), Sunbury Green (9 homes), Glazebrook Square (10 homes), Dysart Way (8 homes).

Project Status	Appointment of design team in progress, through Perfect Circle Framework
Delivery Timescales	Planning Determinations: Mid 2023
Total Project Budget inclusive of professional fees and contributions	tbc.

FLEC, estimated 33 homes

Project Status	One Public Estate Brownfield Land Release Fund (BLRF) granted (£443,400). EBS instructed to undertake demolition and site preparation work to enable housing development. Appointment of design team for new build housing in progress through Perfect Circle Framework.
Delivery Timescales	Site Release: Before Mar 2024 (to meet OPE BLRF funding deadline)
Total Project Budget inclusive of professional fees and contributions	tbc.

Stocking Farm.

The objective at Stocking Farm is to create a new residential community at the heart of the Stocking Farm area which will provide [50] new council homes and facilities to serve the local community and will reflect the principles of exemplar development including public engagement, design quality, public realm, energy efficiency, access, legibility, community safety and cohesion, and environmental and economic sustainability

Project Status	Community shop opened on the 6 th . April Pre app submitted 31/01/22. Full planning application to be submitted by July 2022 Procurement of contractor summer 2022 Start on sites March 2023
-----------------------	---

Delivery Timescales	Completion 2025
Total Project Budget inclusive of professional fees and contributions	tbc.

Southfields and Newry site

The redevelopment of the former Southfield and Newry school site to provide new council houses.

Project Status	Full planning application to be submitted by July 2022 Procurement of contractor summer 2022 Start on sites March 2023
Delivery Timescales	Completion 2025
Total Project Budget inclusive of professional fees and contributions	tbc.

Phase 4.

None strategic local plan sites: Number of sites and units to be confirmed.

The availability of sites has been one of the key constraints for the delivery of new build council houses. All sites currently being developed are predominantly challenging brownfield sites which has resulted in a slower and more costly delivery. However, the council does own a number of sites that are currently part of the local plan process and once completed, and the sites have a housing designation, will be able to be developed for new affordable housing.

Once the new local plan has been adopted phase 4 of the new build programme will start and the list of sites will be confirmed.

Large scale acquisitions update:

Hospital Close



- Internal and external clearance complete and ongoing, grounds maintenance in place
- Site security in place
- Site surveys complete, including asbestos, topographical, building, drainage, bat, arboricultural and structural
- Work on site stripping out phase 1 properties, looking at ways to advance the refurbishment programme. Phase 2/3 to follow

Master Plan:



Programme:

- June 22 Strip out of phase 1 properties to start, phase 2/3 to follow
- March 23 Main refurbishment works to start on phase 1
- June 23 Main refurbishment works to start on phase 2/3
- Sept 23 Sectional completion.
- April 24 Final handover.

The Leys



far left: view from south west (main entrance)
left: view from east
bottom left: view from west
bottom: view from north east



- Surveys completed
- Strip out complete
- Site secure and security in place
- Tender process for refurbishment complete, direct award/negotiated.
- Tender award imminent
- Start on site to be confirmed

Generally:

There appears to be a strong case for us to build on what has been achieved as a direct result of this Manifesto target: the completions achieved are ground-breaking and, in spite of the many issues and risks (see above), the new ways of working, innovative approaches, etc have demonstrated that the bar can be raised on what can be achieved when there is a prioritised and corporate push for an outcome. Housing Officers therefore propose to prepare a further report for the Housing Board, setting out a proposed direction of travel for our future supply of affordable housing beyond March 2023.

4. Details of Scrutiny

5. Financial, legal and other implications

5.1 Financial implications

5.2 Legal implications

5.3 Climate Change and Carbon Reduction implications

Housing is the biggest single source of carbon emissions in the city, generating about a third of the total coming directly from within the city or at power stations from our use of electricity from the grid.

The Carbon Neutral Roadmap study recently undertaken for the council identified that installing energy efficiency measures and replacing gas boilers with heat pumps across the housing stock could save up to 24% of Leicester's emissions – more than any other measures. However, a major challenge in realising these savings is the limits to the council's control and influence over the city's housing stock as a whole.

The programme described in this report to increase the stock of social, Extra Care and supported living homes will increase our ability to reduce carbon from housing by bringing more of the stock under our control or influence.

In relation to the new-build council homes referred to in the report, the phase 2 sites onwards are already planned to be very low carbon. The council should look at other opportunities within the programme to reduce carbon, such as through any refurbishment of properties acquired, in the standards set for the construction of new Extra Care homes and through any influence we may have over Registered Providers.

Duncan Bell, Climate Change Manager, Sustainability Team. Ext. 37 2249

5.4 Equalities Implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due regard to the need to eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, sexual orientation.

The report provides a progress update on achieving the Manifesto target to achieve 1,500 more council, social and extra care homes.

Achieving these would impact positively on people from across all protected characteristics by helping to help meet evidenced housing needs in the city.

Housing need manifests itself in a variety of ways, such as increased levels of overcrowding, acute affordability issues, more young people living with their parents for longer periods, impaired labour mobility resulting in businesses finding it difficult to recruit and retain staff, and increased levels of homelessness.

The impact of the lack of decent, affordable and secure housing goes far beyond reducing the amount of money households have to live on; this also has a wider social impact. The cost of housing is directly related to housing quality and standards. For many, being unable to afford decent housing means having to live in poor quality homes unfit for habitation or overcrowded conditions to reduce costs, to the detriment of physical and mental health. There is increasingly strong evidence to show housing problems being linked to broader social issues such as family breakdown, low productivity, chronic ill-health, disrupted child development, poor educational outcomes, and problem debt.

It is important that new housing is well designed and can contribute to a good quality of life and meet the diverse needs of residents. Accessible and inclusive design will support the general aims of the PSED.

Equalities Officer, Surinder Singh Ext 37 4148

5.5 Other Implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

6. Background information and other papers:

7. Summary of appendices:

8. Is this a private report (If so, please indicated the reasons and state why it is not in the public interest to be dealt with publicly)?

Yes/No

9. Is this a “key decision”?

Yes/No

10. If a key decision please explain reason



City Mayor