

Meeting:	Executive
Meeting date:	16 th November 2023
Report of:	Neil Ferris
Portfolio of:	Cllr Michael Pavlovic, Executive Member for Housing, Planning and Safer Communities

Decision Report: Delivering More Affordable Housing in York – update on the Housing Delivery Programme

Subject of Report

1. York has experienced some of the most significant house price inflation in the country over recent years. Alongside this, the demand for and cost of good quality private rented sector housing continues to increase. This is resulting in significant affordability challenges for many of York’s residents, creating a growing demand for affordable homes provided by both the City of York Council and our housing association partners. In response, the new Council Plan (2023-27) seeks to accelerate the delivery of high-quality affordable homes in the city. This report presents opportunities for meeting that ambition through the Housing Delivery Programme, in both developing and facilitating affordable housing provision in the city.

2. This report seeks decisions in respect of:
 - a) Directly developing 100% affordable housing projects at Ordnance Lane and Willow House;
 - b) Disposing of land at the former 68 Centre and Woolnough House sites to Registered Provider Partners to deliver 100% affordable housing; and
 - c) Further developing pipeline opportunities through the York and North Yorkshire Housing Partnership and at York Central.

Benefits and Challenges

3. This report seeks to significantly increase the provision of affordable housing across council owned sites, both through direct delivery by the Housing Delivery Programme and through disposals to Registered Providers. Increased affordable housing presents significant benefits to our residents in a city where the average house price is around 11 times the average salary. Increasing the Council's housing stock results in a long-term rental income to support the work of the Housing Revenue Account ("**HRA**") and the 30-year business plan, supporting investment in existing homes.
4. Delivering housing directly through the Housing Delivery Programme requires significant capital funding. Whilst the delivery of affordable housing can be subsidised using Right to Buy sale receipts and Section 106 Funding, which the Council must allocate for re-provision, the Council is still required to match fund this activity. This report seeks to balance these financial challenges by disposing of several sites to Registered Providers to obtain a capital receipt for the land whilst seeking to achieve the delivery of much needed affordable housing both directly and through partnerships.

Policy Basis for Decision

5. One of the seven priorities outlined in the Council Plan (2023-27) is to increase the supply of good quality affordable housing. The plan seeks to explore options for achieving 100% affordable Passivhaus standard housing through the Housing Delivery Programme.
6. The Housing Delivery Programme has a broad agenda around meeting affordable housing need but also tackling issues around mental and physical health and wellbeing, sustainable transport, equality, and climate change. The principles of the programme and recommendations contained within this report are supportive of achieving the objectives set out in the Climate Change, Health and Wellbeing, and Economic Strategies.

Financial Strategy Implications

7. A decision to increase the affordable housing provision across Ordnance Lane and Willow House to 100% will require additional borrowing, above and beyond previous assumptions and modelling

for the programme. The financial viability of these proposals has been modelled extensively, using current cost plans. Whilst the initial investment will be significantly increased, the developments provide a strong financial return over a 35-year payback period, supporting the HRA in the long term. This paper does not seek a construction budget for either project; a full business case will be presented to Executive once the projects have been tendered and greater cost certainty is available.

8. This paper does seek additional borrowing to match fund a successful grant application under the Local Authority Housing Fund. This will enable the purchase of 10 additional homes from the open market for the both the resettlement of refugee households and to provide additional temporary accommodation.

Recommendation and Reasons

Increasing the development of healthy, sustainable and affordable homes through the Housing Delivery Programme

- a) Seek planning permission at the Ordnance Lane site, with the aim of delivering a 100% affordable housing scheme (with associated communal and commercial spaces).
- b) In consultation with the Head of Commercial Procurement (and their delegated officers), to tender a building contract to develop 100% affordable housing, communal and commercial spaces at the Ordnance Lane site, in line with the Council's Contract Procedure Rules ("**CPRs**"), the Public Contract Regulations 2015 (the "**Procurement Regs**"), the revised planning permission, and return to Executive with a budget ask following the completion of this process.
- c) Seek planning permission at the Willow House site with the aim of delivering a 100% affordable housing scheme.
- d) Accept the Local Authority Housing Fund ("**LAHF**") grant funding offer of £1.2m to purchase 10 homes for resettlement and temporary accommodation.
- e) Recommend to full council a contribution of £1.47m of HRA borrowing to enable the purchase of up to 10 homes for the LAHF programme.

- f) Delegate authority to the Director of Housing, Economy & Regeneration (and their delegated officers), in consultation with the Director of Governance (and their delegated officers), to negotiate the provisions, and conclude the entry into any funding terms and conditions prior to acceptance of the LAHF grant, subject to compliance with the requirements of the Subsidy Control Act 2022.

Disposal of Land for 100% affordable housing

- g) Seek to dispose of land at the former Woolnough House care home site to a registered provider for the purposes of developing general needs 100% affordable housing.
- h) Seek to dispose of land at the former 68 Centre site to a registered provider for the purposes of developing general needs 100% affordable housing.
- i) Delegate to the Executive Member for Housing, Planning and Safer Communities and Executive Member for Finance, Performance, Major Projects, Human Rights, Equality and Inclusion, the finalisation of the disposal route and evaluation criteria to select a purchaser.

Developing and Strengthening Strategic Partnership Opportunities

- j) Note that the Council has formally become a member of the 'York and North Yorkshire Housing Partnership', ensuring that the Council's voice is heard in order to influence the type and number of affordable homes developed in the city alongside supporting opportunities for joint working on specific projects and increasing the attractiveness of the sub-region as a place for investment and partnership working to unlock sites for affordable housing.
- k) Work strategically alongside the co-owners of York Central and the master developer to create a business case around the delivery of affordable housing through the Housing Delivery Programme.

Background

- 9. Affordable housing demand in York and its subregion is high. In York, the Local Housing Needs Assessment outlines a need for 592

new affordable homes per annum, taking account of current and future projected need. Evidence suggests this should be delivered at both social and affordable rent levels. There is an additional need for affordable home ownership tenures (such as shared ownership). For context, the accumulated number of affordable housing completions in York over the last 5-years is 648. The need to accelerate affordable housing delivery in the city is clear.

10. The most significant opportunity in respect of affordable housing delivery sits with the adoption of a Local Plan. The policies and site allocations within this are anticipated to deliver over 4,000 affordable homes over the next 15-years. It is important that the type, tenure and quality of housing delivered through the local plan meets the needs of our residents.
11. Additional opportunities exist to increase affordable housing delivery alongside the Local Plan. Opportunities exist around increasing the amount of affordable housing developed through the Housing Delivery Programme, disposing of land to Registered Provider partners, and strengthening and building strategic partnerships around land, funding, and shared objectives.
12. Alongside a focus on delivering housing within York, it is important to think beyond administrative boundaries, reflecting that York can benefit from affordable housing provision in the wider subregion. That is why a strong partnership with North Yorkshire Council and Registered Providers is vital alongside exploring opportunities to be realised through an elected mayor in 2024. Taken together this can build a more comprehensive approach to meeting the housing need of York's residents.

Consultation Analysis

13. The overarching objectives of the Housing Delivery Programme, as outlined within the approved Design Manual 'Building Better Places', were developed in consultation with partners across the city. This supported the development of a range of objectives which seek to support better mental and physical health, increased sustainable transport opportunity, and tackling the climate emergency and resident fuel poverty. The design of each project is developed alongside the community through significant and meaningful public engagement as outlined in the Public Engagement Strategy. The projects contained within the report, namely Willow House and

Ordnance Lane, will benefit from this rigorous and impactful engagement approach.

14. Sites which are subject to potential disposal for the delivery of 100% affordable housing by Registered Provider partners have been soft market tested to ensure they are considered a viable development opportunity.

Options Analysis and Evidential Basis

Increasing the development of healthy, sustainable and affordable homes through the Housing Delivery Programme

15. In the last 4-years, the Council's Housing Delivery Programme has created 124 additional affordable homes, of which 56 are new builds and 71 are through acquisitions. Existing projects under construction will deliver a further 67 new affordable homes. Alongside this a further 40 homes will be acquired for affordable housing. It is proposed in this report that the number of new affordable homes be accelerated through the development of 100% affordable housing projects on future sites. As well adding to affordable housing numbers, this approach will support the Council in maintaining or growing its affordable housing stock, providing income to support the 30-year HRA business plan and the associated investment plans. Due to the national policy regarding tenants' Right to Buy, housing stock depletes over time as properties are purchased. Increasing the amount of affordable housing on Council sites ensures that Council stock is replenished, utilising the receipts from these sales. Without developing additional affordable homes, there would be a reduction in Council housing stock rental income, which results in a reduced capacity to invest and resource housing services.
16. The Housing Delivery Programme does not aim to meet the entirety of housing need in the city, there is not the financial capacity to do so. However, the numbers it provides are a vital piece of a comprehensive plan to increase affordable housing numbers in the city. The Programme also has the potential to provide a type of housing which is much needed and not often provided by others. This is in respect of tenure, type, quality and environmental impact. The Programme can deliver homes to high accessibility standards, with intergenerational communities supporting residents to live with independence for longer. The developments are healthy, in respect of thermal comfort, air quality, space standards, and access to good

quality outdoor spaces. The energy efficiency of the homes is high; they are built to certified Passivhaus standards and incorporate renewable energy by using air source heat pumps and photovoltaic panels, eradicating the risk of fuel poverty for future residents and contributing to the city's aspiration to be carbon neutral by 2030. The developments will further reduce carbon emissions by creating highly walkable cycle friendly neighbourhoods. The Programme sets high standards for what good residential placemaking can be, positively influencing other developments over the coming years.

Willow House and Ordnance Lane

17. This report outlines an ambition to increase the amount of affordable housing delivered through the Housing Delivery Programme to 100% for the next two projects. To deliver this, a modest redesign of the Ordnance Lane project, which already benefits from planning permission, is required. This will support the delivery of approximately 100 affordable homes. The project could be on site during 2024. All new homes on Ordnance Lane will respond to the climate emergency by being built to certified Passivhaus standard and utilising renewable technologies. Residents will see a reduction in energy bills of approximately 70%. The development will have low and controlled car parking provision and to compliment this, an abundance of cycle parking is being provided, together with e-cargo bike rental for residents, hire vehicles and ultra-rapid charging points.
18. The second project is at the former Willow House site off Walmgate, where around 40 new affordable homes could be developed. This project already benefits from some early design work and significant resident engagement and is seen as a positive opportunity for Walmgate Estate and its residents. The development will seek to build on the principle of low carbon communities exhibited in previous projects by designing to Passivhaus standards, maximising renewable energy sources, and promoting active travel strategies. Development could commence on this site during 2025.
19. This paper recommends progressing both projects through planning with the tendering of a construction contract at the Ordnance Lane site. A budget allocation will be sought from Executive once the tender process is complete enabling greater cost certainty. Grant funded site clearance works are due to commence on this site in winter 2023/24, thereby reducing the timescale of developing new

houses once a revised planning permission for the Ordnance Lane site is achieved.

20. The projects aim to deliver 100% affordable housing. The viability of both projects is dependent on a mixed tenure approach, combining low-cost home ownership and rented tenures. Mixed tenure developments bring many benefits by addressing a broad housing need including residents from the housing register, keyworkers and those aspiring to home ownership.

Strategic Acquisitions

21. Another key route to increasing affordable housing supply is through strategic acquisitions. Purchasing property from the open market and converting it to an affordable home can provide much needed housing very quickly to meet a known housing need. In August 2023, the Council submitted an Expression of Interest to the LAHF, with approximately £1.2m awarded by the Department for Levelling Up, Housing and Communities (“**DLUHC**”) to purchase 10 rented homes into the HRA. This would provide 7 homes for Afghan resettlement households and a further 3 homes to contribute towards meeting wider temporary accommodation needs in the city.
22. The funding available for these acquisitions is at an increased rate, with grant funding available for 40% of the purchase price plus an additional £20k per property for works and transaction costs. If the Council were to accept the LAHF grant, there would be a requirement to match fund the grant with approximately £1.47m of HRA funding. Funding will be sought from a combination of borrowing and strategic disposals of high-value properties which have low energy efficiency and are unable to be reach the minimum target of EPC C without significant invasive works (for example, pre-WW1, uninsulated solid wall construction). Any suitable property identified for disposal will be subject to approval by the Executive Member for Housing, Planning, Safer Communities. The acquired properties will be let at Local Housing Authority rates rather social rent levels to ensure the investment is viable. The cost to the HRA is expected to be £130k per home.

Opportunities for the disposal of land for 100% affordable housing

26. There is the opportunity to further develop a comprehensive approach to increasing affordable housing supply in the city through the disposal of land to Registered Providers (“RPs”). In recent years, agreement has been entered into with Joseph Rowntree Housing Trust (“JRHT”) for the purchase of a small plot of council-owned land at Sturdee Grove, to enable a 100% affordable housing project of 8 homes. In addition, the process of disposing of a proportion of the former Clifton Without Junior School site is reaching its final stages with an RP expected to purchase the site and then deliver 100% affordable housing.
27. This approach to delivering affordable homes in the city can be accelerated through the disposal of two further sites to RP’s for 100% affordable housing developments, these sites are the former Woolnough House care home and former 68 Centre sites’. These sites have no current active use and are within residential locations. It is considered that each site would provide around 10 affordable homes.
28. The homes delivered through this disposal will be required to be affordable, with homes for rent aligned with Local Housing Allowance and energy efficiency measures to ensure the homes are affordable in the long-term by reducing residents’ energy bills. RPs will be asked to target the ambitions of the emerging Future Homes Standard which aim at significantly reducing carbon emissions. It is expected that there will be interest in acquiring these two sites and construction of the affordable homes could commence within 2-years with an additional 20 affordable homes provided.
29. Opportunities for the disposal of additional council land for the provision of affordable housing will continue to be explored, with future decisions brought forward at the appropriate time to continue to increase affordable housing supply in the city.

Developing and Strengthening Strategic Partnership Opportunities

30. Developing strong links with North Yorkshire Council, our Housing Association Partners, Homes England and a new elected mayor may bring additional opportunities for increasing affordable housing.
31. Local government reorganisation presents an opportunity for North Yorkshire to create a joined up affordable housing plan. The newly

formed North Yorkshire Council are currently in the process of developing a Housing Growth Plan, which it is considered would complement our own ambitions. The Growth Plan sets out an ambition to deliver housing at pace, including utilising council and other publicly owned land for new housing developments. The ambition is to create a high standard for new council housing developments alongside working with health and social care colleagues to meet the needs of vulnerable residents. Some of these developments could exist close to York's boundaries and help support those residents who work or have family in the city. In addition, strong partnership working around such things as development pipelines, could bring benefits in respect of partnership opportunities with Homes England and funding opportunities through the elected mayor.

32. At the same time, a newly formed 'York and North Yorkshire Housing Partnership' has been created. Recently, the City of York Council and North Yorkshire Council have formally joined the partnership. The partnership now represents 25 providers of affordable housing in the subregion. A joint prospectus has been published setting out a strategic approach to working together around three key themes: building the right homes in the right places, the drive to net zero, and boosting jobs and the local economy. This partnership provides an enhanced opportunity for collaborative working around strategic local plan sites as well as opportunities for further infill affordable housing projects. Working with a larger collective voice could be key to unlocking investment opportunities as well as ensuring we are able to influence the type of affordable housing delivered in the city.

33. Homes England have recently published their new Strategic Plan for 2023-28, which among other things puts a strong emphasis on levelling up, regeneration and on building a housing and regeneration sector that works for everyone, driving diversification, partnership working, and innovation. As well as continuing to develop existing positive working relationships with Homes England from within the Council, it is considered that working as a partnership with North Yorkshire Council and the York and North Yorkshire Partnership can increase the subregions collective attractiveness to Homes England around grant funding, land availability, and site based joint ventures and partnerships. This could help to unlock additional development opportunities for affordable housing providers, including the council.

34. On a more specific level, conversations have taken place over recent months around opportunities to deliver affordable housing on York Central, leveraging the council's existing land ownership. It is anticipated that a master developer for the project will be announced in the coming weeks. It is proposed that partnership conversations continue in order to enhance affordable housing opportunities on York Central.

Organisational Impact and Implications

- **Financial, Patrick Looker, Finance Manager**

This report has a number of significant financial implications.

General

The HRA budgeted surplus reduced to £324k as part of the 2023/24 following the impact of significant price increases across repairs, utilities and depreciation charge. Given the large level of debt £146m that is being serviced by the HRA this shows that there is limited scope within the HRA for significant investment. The account is also susceptible to higher level of interest rates if further borrowing is agreed.

Ordnance Lane / Willow House

The change in policy to provide affordable housing increases significantly the long- term investment that is required from the HRA. The scheme at Ordnance Lane is estimated to cost over £30m and whilst the council is able to use 40% Right to Buy receipts to fund above policy provision there will still be a significant level of borrowing required by the HRA. The current modelling indicates a scheme is viable but will be subject to the level of affordable rents charges, levels of interest rates and rent levels / construction inflation. A full business case will be brought to Executive detailing the level of borrowing required and impact on the HRA business plan.

Purchase of 10 Resettlement Homes

This purchase would require additional borrowing of £1.47m to fund the purchase.

The gross rental income from such properties at Local Housing Allowance rates would be c £80k, whilst interest costs would cost c £80k. Taking into account other costs of c.£20k (repairs, management, depreciation) would lead to a deficit in the HRA of

£20k per annum which would reduce each year and by year 8 net income is greater than costs. The borrowing would be subject to approval by Full Council.

Disposal of Land for 100% affordable housing

Members will be aware that any sale of land which is restricted for 100% affordable housing will bring in a lower financial receipt than if there is no such restriction. Members will be aware that capital receipts are a corporate resource and used to fund new capital expenditure, pay off debt or fund transformation projects.

- **Human Resources (HR), Helen Whiting, Head of HR.**

Should there be additional resources required to support the Housing Delivery Programme, these will follow HR policies and procedures and further HR advice can be sought when further approvals are sought.

- **Legal, Dan Moynihan, Senior Lawyer (Contracts and Commercial) and Gerard Allen, Senior Solicitor (Property)**

Planning Law Implications

Any necessary planning permission will need to be obtained for each site referred to within this report. Each Section 106 affordable housing contribution received by the Council will have to be spent in accordance with the terms and conditions of the Section 106 agreement, which has secured the contribution.

Commercial/Procurement Law Implications

Any building contracts, or any design work or other professional consultancy services, required to deliver affordable housing at any of the sites referred to in this report, must be procured in accordance with a robust procurement strategy that complies with the Council's obligations under its own CPRs and its statutory obligations under the Procurement Regs (where applicable), with the advice and input of the Council's Commercial Procurement and Legal Services teams. Subject to the approval from Executive of any budget post-tender, all building works contracts must be drafted, negotiated and concluded with the advice and input of the Legal Services team.

Any grant funding sought to deliver any of the proposals set out in this report shall require advice and input from Legal Services on any

required grant funding terms and conditions and whether the Council's acceptance and use of any such grant funding will comply with the requirements set out within the Subsidy Control Act 2022. It is worth noting that any capital grant funding used to fund and pay for any works or service contracts to deliver all or any part of the proposals set out within this report will fall outside of the requirements within the Subsidy Control Act 2022 provided that these contracts have been commissioned following a competitive tender exercise on the open market in line with the Council's CPRs and the Procurement Regs (as applicable). Legal Services however will need to carry out a full assessment of any subsidy control implications later prior to the award of any such grants.

The terms and conditions of any partnership or governance arrangements proposed in this report will require the advice and input of Legal Services before being concluded. The principal powers on which the Council can rely upon to enter such arrangements include the Local Government (Goods and Services) Act 1970, Sections 101 and 102 of the Local Government Act 1972, Section 95 of the Local Government Act 2003, and Sections 1 and 4 of the Localism Act 2011 (as applicable).

Property Law Implications:

It is not known whether the respective plots of land which the Council propose to dispose of are currently within the Housing Revenue Account/HRA or the General Fund.

- The Council has statutory powers:
 - Pursuant to Section 123 of the Local Government Act 1972, to dispose of any General Fund/non-HRA land held by the Council (including granting a lease of it). Although Section 123 requires that the consent of the Secretary of State for Housing, Communities and Local Government be obtained for a disposal at a consideration (price) less than best reasonably obtained, such consent is automatically given for the disposal of General Fund/non-HRA land by a General Consent Order where both of the following conditions are satisfied:
 - the Council considers that the disposal will contribute to the promotion or improvement of the economic, environmental, or social well-being of its area; and

- the difference/shortfall between the consideration/monetary receipt obtained and best consideration amount does not exceed c. £2M.
- Pursuant to Section 32 of the Housing Act 1985, to dispose of any HRA land held by the Council (including granting a lease). Although Section 32 requires that the consent of the Secretary of State is obtained for a disposal of HRA land (whether at or below market value), General Consent Orders automatically give SoS consent to disposal/leasing of such land where:
 - the disposal is at market value; or
 - by way of “short tenancy” comprising a lease for a term not exceeding 7-years (but on the expiry of such tenancy a further short tenancy of the land cannot be granted pursuant to such General Consent until at least 1-year after the original short tenancy has expired).
- Regarding HRA land, Section 25 of the Local Government Act 1988 prohibits a local authority from providing/giving “financial assistance or gratuitous benefit” when disposing of HRA land (including disposing for a price below market value) without the consent of the Secretary of State. However, a General Consent Order (“**GCO**”) does give SoS consent to the provision of financial assistance/gratuitous benefit in the limited circumstances specified in such GCO, including to the provision to any person of financial assistance or gratuitous benefit consisting of the disposal of an asset comprising a dwelling house or hostel where:
 - the aggregate amount or value of the financial assistance or gratuitous benefit provided by the local housing authority to all persons under this consent in any financial year shall not exceed the sum ascertained by multiplying the population of the area of the authority by the figure of £3.00;
 - the disposal must be:
 - by way of a lease for a term not exceeding 21-years; and
 - to either:
 - a registered provider of social housing; or

- a person who intends to use the accommodation for occupation by persons with a special need; and
- the aggregate number of dwelling-houses comprised in the disposal and any previous disposal by the local authority under this consent in the same financial year must not exceed a number (the “**ceiling**”) equal to the greater of 50, or one quarter of one per cent of the number of dwelling-houses owned by the authority at the commencement of the financial year in which the disposal takes place.

In any event, it is considered that General Consents give CYC power to dispose (by way of leases for a term up to 7-years) of the necessary properties to the appointed service provider without needing to apply for and obtain express consent from the Secretary of State.

In relation to potential purchase of properties by the Council for use additional affordable housing, S.120 of the Local Government Act 1972 gives the Council power to acquire land for the purposes of any of the Council’s functions or for the purpose of the benefit, improvement or development of the Council’s area.

- If the Council intends to dispose of land (either by freehold transfer or by grant of long lease) to a registered provider with the objecting of the purchasing R.P. developing (100%) affordable housing on the land then it should be noted that:
 - (i) if the Council wants the RP to be under a positive contractual obligation to build such housing with a specified period then:
 - (a) this may be classed as a public works contract that needs to be tendered and awarded after a procurement exercise;
 - (b) such obligation would need to be clearly specified in the procurement documentation and legal agreement(s);
 - (c) the imposition of such an obligation would likely substantially reduce the capital receipt obtained for the land as opposed to what would be obtained for a disposal without any obligation or restriction regarding use solely for affordable housing
 - (ii) if the Council is content for the RP not to be under a positive obligation to construct affordable housing on the land, the

Council could instead impose a restrictive covenant prohibiting use of the land for any purpose(s) other than solely affordable housing. However, whilst this probably wouldn't reduce the capital receipt obtained by as much as the imposition of a positive development obligation please note:

- (a) this wouldn't entitle the Council to require that the purchasing RP actually builds any affordable housing on the land (instead the RP might potentially sit on/landbank the land until they wish to develop it);
- (b) there are legal complexities with successfully enforcing covenants restricting use of land and there is a risk that the purchasing RP might be able to subsequently successfully apply to the First Tier Tribunal under S.84 of the Law of Property Act 1925 for modification or release of such restrictive covenant(s)

- **Procurement, Chloe Wilcox, Head of Procurement.**

Any proposed works or services will need to be commissioned via a compliant procurement route under the Council's Contract Procedure Rules and where applicable, the Public Contract Regulations 2015. All tenders will need to be conducted in an open, fair, and transparent way to capture the key principles of procurement. Further advice regarding the procurement routes, strategies and markets must be sought from the Commercial Procurement team.

- **Health and Wellbeing – Peter Roderick, Director of Public Health**

A good quality, affordable home is one of the underlying health-creating assets which the York Health and Wellbeing Strategy 2022-2032 identifies as improving health and narrowing inequalities in Healthy Life Expectancy in the city. The proposals in this report will contribute to achieving this strategy, both through measures to increase the affordability of housing and by incorporating the healthy place-making principles set out in the Housing Delivery Programme Design Manual, which the public health team were involved in creating.

Public Health would however recommend early engagement with health specialists (PH & ICB) to understand the increased demand on the local health provision that this development may create. This would be in the form of a health impact analysis within the project scope/development. A HIA offers an assessment of the impact of

the proposed development on the health system in this area and should include appropriate mitigations. Health capacity mitigations relevant to the population group should then be included within the project design, there is a potential for greater demand on the local health infrastructure by concentrating social housing in one geographical area. This mitigation should go beyond the usual inclusion of health and wellbeing initiatives, access to green space or increased access to sport fields etc. These wellbeing and green spaces already exist within walking distance of the development and are being upgraded as part of planned work at Rowntree's Park. A section 106 contribution which mitigates the impact of the development on the health infrastructure capacity in this area is highly recommended.

- **Environment and Climate action, James Gilchrist, Director of Transport, Environment and Planning**

Housing plays a significant part in the place making and environment of the city, the decisions within this report will support that send of place whilst also delivering the Council Plan around housing and environment.

- **Shaun Gibbons, Head of Carbon Reduction**

Housing is responsible for over 30% of carbon emissions in the city and reducing emissions from new build is an objective within the York Climate Change Strategy.

New developments should aim to achieve up to a 75% reduction in carbon emissions over and above the requirements of Building Regulations Part L (2013) unless it is demonstrated that such reductions would not be feasible or viable, as required in condition CC2 of the Local Plan. Ideally, developments completed as part of the HDP should achieve net zero emissions. Energy efficient homes not only reduce carbon emissions but are more comfortable, healthier and affordable.

The focus on net zero for the newly formed 'York and North Yorkshire Housing Partnership', supports the ambition in the Climate Change Strategy.

- **Affordability, Pauline Stuchfield, Director of Customer and Communities.**

Provision of a greater number of low cost housing in York will help to address the current lack of affordable housing for those in the city on low incomes, along with potentially reducing travel costs and improving health and wellbeing of residents. It is well known the those with health and/or mental health challenges have suffered greatest in the Cost of Living crisis and this report will help to address some of these challenges.

- **Equalities and Human Rights, Laura Williams, Assistant Director of Customer, Communities, and Inclusion**

The Council recognises, and needs to take into account its Public Sector Equality Duty under Section 149 of the Equality Act 2010 (to have due regard to the need to eliminate discrimination, harassment, victimisation and any other prohibited conduct; advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it and foster good relations between persons who share a relevant protected characteristic and persons who do not share it in the exercise of a public authority's functions).

A full Equalities Impact Assessment is attached at Annex A and the process of consulting on the recommendations in this report will identify any further equalities implications on a case-by-case basis, and these will be addressed in future reports.

- **Data Protection and Privacy**

As there is no personal data, special categories of personal data or criminal offence data being processed, there is no requirement to complete a DPIA.

This is evidenced by completion of DPIA screening questions CGT20808

- **Communications, contact: Eddie Coates-Madden, Head of Communications.**

Resources are already in place to purchase communications and marketing activity from the communications service, in the shape of a half-time Grade 7 post. Work, outputs and outcomes are overseen and managed in a relationship between the two services, subject to a service level agreement.

While it is envisaged that current resources will be sufficient to meet any additional demand generated by the activity outlined in this report, monitoring of the requirements will continue in the relationship, and consideration given to increasing the communications resources as required.

- **Economy, Simon Brereton, Head of Economy**

The York Economic Strategy 2022-32 recognises the challenges of affordable housing in York and its impact on economic growth. The proposals in this paper are well aligned with that strategy. Commitments in the Council Plan to deliver a Constructions Skills Village, providing opportunities for York residents to benefit from well-paid employment in green construction, could also be aligned with the developments outlined in this paper.

In October 2023, Executive agreed to refocus UK Shared Prosperity Funds under the People and Skills theme on a York Construction Initiative, covering both new build and retrofit, and developing training and business engagement to ensure that the necessary skills to undertake green construction and retrofit are available.

The proposals set out in this paper are thus well aligned to the City's Economic Strategy and would benefit tenants, employees and businesses in York.

Risks and Mitigations

Ordnance Lane and Willow House

35. Whilst delivering homes directly through the Housing Delivery programme gives the greatest level of control over the type, tenure and quality of homes delivered, it requires significant financial investment, particularly to deliver projects as 100% affordable housing. Delivering both Ordnance Lane and Willow House as 100% affordable will reduce the capacity for future new build housing projects. Whilst there are significant Right to Buy receipts which need to be utilised and can subsidise the project costs, these receipts must be match funded through borrowing and interest rates which are currently high and make the viability of the projects more challenging. This will be managed through detailed financial modelling and thorough consultation with CYC's Finance team. The Full Business Case will need to utilise a range of tenures including intermediate tenures such as Shared Ownership and Affordable

Rent in order to ensure projects present a long term financial return and continue a sustainable development pipeline.

36. Whilst it is predicted that build cost inflation has peaked, it remains high and therefore tender returns may vary from Pre-Tender Estimates. To overcome this, a full business case will not be presented to Executive until tenders have been returned and costs have been thoroughly ratified.

37. Willow House is in a sensitive location and there is a risk the project will be delayed in planning as a result. To mitigate this risk a high-quality design team will be engaged to ensure the proposals respond to their context. Throughout the design stages the project will be regularly reappraised to ensure it is still a viable proposition and clear governance procedures will be followed before progressing to subsequent stages.

Strategic Acquisitions

38. The funding secured through LAHF requires all 10 homes to be purchased by March 2024. Based on current market conditions it is believed that this is achievable within time and budget restrictions. The risks have been discussed with the grant funders and they understand the challenges that could be presented by a sudden change in market conditions.

Land disposals for 100% affordable housing

39. Whilst land disposals to RPs have undergone soft market testing, the level of land receipt for 100% affordable homes is hard to quantify and will be impacted by additional requirements on RPs and site abnormalities.

Wards Impacted

All

Contact details

For further information please contact the authors of this Decision Report.

Authors

Name:	Michael Jones
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Background papers

Executive Report 9th February 2023 - Housing Delivery Programme update - Delivering Affordable Housing on Council Land

Annexes

- Annex A: Equalities Impact Assessment (EIA)
- Annex B: Site Plan Ordnance Lane
- Annex C: Willow House Site plan
- Annex D: 68 Centre and land at Barfield Road
- Annex E: Woolnough House Site Plan