

Executive

14 October 2021

Report of the Director of Housing, Economy & Regeneration

Portfolio of the Executive Member for Housing and Safer Neighbourhoods

Update on the Housing Delivery Programme

Summary

1. This report outlines progress on the Housing Delivery Programme since the last Executive report in October 2020. In summary, this includes:
 - The progress of construction and sales at Lowfield Green;
 - Obtaining planning permission at Burnholme and Duncombe Barracks and the tendering of the projects to the construction market;
 - Significant progress on providing affordable homes through the second hand shared ownership programme;
 - Obtaining grant funding to provide more affordable homes through the Rough Sleeping Accommodation Programme;
 - Obtaining grant funding to support the Ordnance Lane project and our community and self-build housing ambitions;
 - Preparing a planning application and financial business case for the site at the Ordnance Lane and Hospital Fields Road site;
 - Commencing design and viability work at York Central; and
 - Commencing public engagement, design and business case development work at Willow House and the South Walmgate Estate.
2. The Housing Delivery Programme aims to deliver over 600 new homes in York. These will be within healthy and sustainable neighbourhoods and will set a new high standard for housing in the 21st Century. The programme will deliver high levels of affordable housing as well as inspiring others to deliver better homes in the city and elsewhere. A progressive mandate for the programme has been set through the adoption of the Building Better Places design manual which is informing design and public engagement work. Eight sites were originally identified to deliver this ambition, however over time new opportunities are being explored for sites both within and outside of the programme.

The Housing Delivery Programme also aims to provide new and flexible opportunities for housing delivery including self and community builds, the strategic disposal of land, and through the second hand shared ownership programme.

3. It is anticipated that by the end of 2021 the programme will have delivered over 100 new affordable homes with a further 91 affordable homes due to commence construction in 2022. In addition the programme will have facilitated the commencement of construction of 25 self and community build homes and 8 new affordable homes to be delivered by a housing association partner. To date, the Housing Delivery Programme has been successful in attracting grant funding of over £7.5m.

Recommendations

4. Executive are asked to:
 - i. Agree to the submission of a planning application to deliver new homes, community and flexible commercial spaces at the Ordnance Lane and Hospital Fields Road site. Note that an outline business case has been developed and that this will be refined and brought before Executive post planning permission to allocate a construction development budget to the project, transfer the general fund part of the site into the HRA through appropriation, and to agree to procure a construction partner.
 - ii. Agree to accept the grant offer of £2.64m under the Brownfield Land Release Fund to support projects at Ordnance Lane, former Tang Hall Library site, and at Chaloners Road Garage Court. Agree to utilise up to £700k of this allocation for the Ordnance Lane project to undertake utility works on site and prepare a tender pack to procure a contractor to undertake enabling works. Agree to put the enabling works contract out to the market with the contract signed after the business case for the whole site redevelopment has been approved by Executive.
 - iii. Agree to allocate an additional £500k from the Housing Delivery Programme capital programme budget in order to undertake detailed design work at the Ordnance Lane and Hospital Fields Road site in conjunction with the submission of the planning application and completing the financial business case for this site.
 - iv. Agree to submit a grant application to Homes England to support the delivery of additional Shared Ownership affordable homes on the Ordnance Lane and Hospital Fields Road site.

- v. Note the lessons learnt on Phase 2 projects within the programme and the progress and approach to projects which may form part of Phase 3 of the programme, including continuing to use the high standards defined in the 'Building Better Places' design manual as the set of objectives for the Housing Delivery Programme.
- vi. Note the progress on bringing forward proposals for community led redevelopment of the former Tang Hall Library site and Morrell House site for housing and approve the disposal of the former Tang Hall Library and Morrell House sites on long leases for the purpose of enabling construction/delivery of community housing on condition that any such disposal is made at or above its open market valuation and is subject to a deliverable business case provided from community housing organisations.
- vii. Delegate to the Director of Housing, Economy and Regeneration (in consultation with the Chief Finance Officer, Executive Member for Housing, Executive Member for Finance and Performance and the Director of Governance (or her delegated officers)) the authority to take such steps as are necessary to negotiate and complete the disposal of the sites.

Reason: To progress with the construction, rental and sale of much needed new homes in York set within healthy and sustainable neighbourhoods.

Background

- 5. The Housing Delivery Programme will provide over 600 new homes in York, with at least 40% of these being affordable housing tenures such as social rent and shared ownership. Phase 1 of this programme, 165 new homes at Lowfield Green, is progressing with over 30 new homes now occupied with a further 18 expected by the end of the year. This development provides homes for first time buyers, growing families and those wishing to downsize. The completed homes are achieving high levels of energy performance due to the increased insulation, airtightness and the installation of solar photovoltaic panels. The site provides a large area of new public open space and children's' play area which will be open and ready for community use later this year. Images showing the progress on site are included within Annex 1.
- 6. Phase 2 of this programme will see over 200 new homes built at Duncombe Barracks, Burnhome, and Ordnance Lane/Hospital Fields Road. Construction of homes within this phase will commence in 2022. This phase of the programme is a significant increase in ambition,

seeking to support a number of key objectives for the city, including moving towards carbon neutral city status by 2030 by delivering zero carbon homes. The developments will further reduce carbon emissions by creating highly walkable and cycle friendly neighbourhoods. The sites will support improved health and wellbeing through good space standards and community focused neighbourhoods, facilitating regular interaction between residents. The homes will be suitable for all, with high accessible and adaptability standards. Each development project will enhance biodiversity by protecting key landscape features and planting more trees than houses built. These ambitions are set out in the design manual 'Building Better Places' which was approved by Executive in September 2019.

7. The Design Manual is a highly progressive approach to building new housing estates. It has provided inspiration for many other local authorities and the projects it has supported are often recognised nationally as representing best practice in place making and creating healthy and sustainable new communities. This report reflects on Phase 2 of the Housing Delivery Programme, presenting lessons for Phase 3. The report will update Executive on work to date on potential Phase 3 sites, including Willow House and York Central.

Update on Progress

8. The most recent Housing Delivery Programme update paper was considered by Executive in October 2020. At this meeting Executive approved the recommendations of the report 'Phase 2 of the Housing Delivery Programme'. This included approving a development budget for the Burnholme and Duncombe Barracks sites, agreeing to procure a contractor to deliver these projects, and the disposal of eight small sites for self-build. In November 2020, Executive approved the recommendations of the report 'Update on the Asset Management Strategy 2017-2022'. This included three recommendations related to the Housing Delivery Programme. Firstly, to undertake a viability appraisal on the potential disposal of the Morrell House site as part of the Self Build programme and to bring back a further report to Executive to agree the disposal route. The second recommendation was to review the options for redeveloping the Willow House site and the adjacent estate through the Housing Delivery Programme. The third recommendation was to develop an outline business case for the development of a section of the York Central site within the Housing Delivery Programme.

9. Since this report the following progress and milestones have been achieved:

Phase 1

10. Lowfield Green

- 31 homes have been fully constructed and are occupied;
- Construction is progressing on the remainder of the site with a further 53 homes due to be completed this autumn/winter;
- The central public open space including children's play area will be open and ready to use by Lowfield residents and those in the local area this autumn. The play equipment will be maintained by our internal Parks and Open Spaces team and the planting areas by a local organisation who provide opportunities and training for residents with learning difficulties, further adding to the social value of this project;
- An exclusive sales period was introduced to support key workers, many of whom were part of the pandemic emergency response, into home ownership;
- All market sale homes have been sold prior to completion with the next stage of sales progressing very well;
- Proposals for the care home and public services building plots are being developed and a further report and business case will be brought before Executive in the coming months to support the redevelopment of this land; and
- The creation of replacement football pitches at Ashfield as a planning condition have been completed and are in use. This provides 8 new high quality football pitches and a clubhouse for children's football. This facility will be leased to Bishopthorpe White Rose Football Club for a term of 99 years.

Phase 2

11. Burnholme and Duncombe Barracks.

- Both projects have been designed to be the city's first zero carbon neighbourhoods;
- Duncombe Barracks received planning permission for 34 homes and 1 commercial unit in April 2021;
- Burnholme received planning permission for 83 new homes, including 5 self-build plots in September 2021; and
- The tender exercise to procure a construction partner formally commenced in August 2021 with an appointment expected to be made this winter.

12. Ordnance Lane and Hospital Fields Road

- Pre-planning public engagement work has been concluded and a planning application has been prepared for 85 homes, 10 non-residential spaces including 2 communal spaces, 2 retail spaces, and 6 flexible spaces to be used as office, co-working, studio or maker spaces;
- A grant funding application of £2.4m under the Brownfield Land Release Fund was successful to cover the abnormal costs of redeveloping this site; and
- The tender for Burnholme and Duncombe Barracks includes the opportunity, entirely at the Council's discretion, to add this project into the contract once planning permission has been approved and subject to the allocation of the development budget. In the event this discretion were not to be utilised by the council a further tender process would be undertaken for these works.

Phase 3

13. York Central

- Discussions have progressed well with the York Central Partnership regarding the potential to develop CYC land as part of the first phase of residential development on the site;
- Design team have reviewed the site opportunities and the masterplan and have concluded that a re-orientated scheme which takes advantage of solar gain to achieve low/zero carbon housing can be achieved; and
- Discussions have taken place with wider city stakeholders regarding opportunities to deliver additional social value through a council led redevelopment of part of the site.
- A viability appraisal is being developed for the area around the Foundry Yard and the adjacent council land to inform further discussions with the majority landowners (Homes England and Network Rail) about taking forward a Housing Delivery Programme scheme on York Central. A further report will be brought back to Executive.

14. Willow House and the South Walmgate Estate

- A series of engagement activities have been undertaken, including detailed conversations with local stakeholders including shopkeepers, ward councillors, and the resident association;
- A successful 'Meet the Design Team' engagement event took place on the green outside Willow House with all members of the local community invited;

- An initial analysis of opportunities has been undertaken to inform a series of potential physical interventions to deliver both more housing, protect green spaces, and improve the quality of the physical environment within the South Walmgate Estate; and
- A scheme and business case is being developed to be brought back to Executive this winter.

Additional affordable housing provision through the Housing Delivery Programme

15. Rough Sleeping Accommodation Programme

- The council have been successful in a grant application to secure approximately £469k of capital and £109k of revenue funding to deliver 6 affordable homes, with support, for rough sleepers. The team are working to identify six appropriate homes, available for purchase, which can be used for this programme. All six homes will be acquired before the end of the year. This programme supports rough sleepers to develop the skills needed in order to sustain their own tenancy.

16. Second Hand Shared Ownership Programme

- This programme, allows eligible shared ownership buyers to choose their own home on the open market. This home is then purchased by the council and converted into shared ownership for the prospective purchaser. This programme is part funded by Homes England and has now supported 64 families into home ownership;
- Funding is available for 1 more home through this programme which is expected to be completed before the end of the year; and
- One shared ownership buyer has now been able to purchase the full equity in their home, highlighting the flexibility of shared ownership in supporting people as their financial circumstances change. The buyers' purchase of the additional shared ownership equity provides funds for additional investment.

17. Castle Mills

- Executive previously supported a recommendation for the HRA to acquire the 20 affordable homes proposed to be delivered at Castle Mills/84 Piccadilly. The Housing Delivery Team and Castle Gateway team are currently working closely on specifications and tenure options for these homes. A business case for the HRA acquisition of these proposed apartments will be brought before Executive once these details are further developed. The Castle Gateway team have procured a contractor and works are due to commence on site in 2022 subject to further Executive and Council approvals.

18. Sturdee Grove

- The programme has also facilitated the prospective development of 8 new affordable homes by JRHT. The disposal of an underused and landlocked parcel of land between Fossway and Sturdee Grove will enable this development, subject to planning permission.

19. Self-build

- All 6 self-build plots at Lowfield have been sold and the owners have achieved planning permission. 4 of these self-builders have commenced construction on site with the remaining 2 due to commence before the end of the year;
- Legal title reviews have been concluded on the 8 city wide self-build sites supported by Executive in October 2020;
- Grant funding of £95k has been secured to support the preparation of the site at Challoners Road Garage Court for self-build development; and
- The procurement of a specialist self-build agent is underway in order to develop proposals for all 8 identified sites.

20. Community Housing

- Yorspace have confirmed their intention to commence construction of their 19 home community housing project at Lowfield this winter, with the homes due to be complete in 2022;
- Discussions have taken place with Ophouse community housing group who wish to purchase the Morrell House site. They plan to retrofit the building to high environmental standards and rent these apartments at below market rent. Rent would be matched to Local Housing Allowance or one third of income to ensure affordability for the residents. The development will have a strong focus on creating communal space to support community activities; and
- The team have been working with Cosy Home community housing group and Broadacres Housing Association who are interested in purchasing the former Tang Hall Library site. The group would create a shared home for young adults with complex physical and mental health needs. The supported homes would provide accommodation and care for 6 people, allowing them to live with appropriate levels of care and support whilst living close to their families.

Programme level update on delivering affordable housing in the city

21. As described above, the Housing Delivery Programme is directly developing new homes, providing new additional affordable homes

through acquisitions and also facilitating new affordable homes through land disposal. The programme is also supporting a wide range of self and community housing ambitions, enabling residents to provide their own housing solution. This approach provides a range of options for residents to find the right housing solution for them.

22. At the time of writing this report, the Housing Delivery Programme has directly delivered 81 new affordable homes. By the end of the financial year this is expected to rise to 103 with construction underway or commencing on a further 91 affordable homes in 2022, including the affordable homes which are proposed to be developed at Castle Mills.
23. The programme has facilitated additional affordable homes to be delivered by JRHT. It is hoped that planning permission will be submitted later this year with construction commencing in 2022. By the end of 2022, it is anticipated that the programme will have also facilitated the completion of a 19 home community housing project and 6 self-builds at Lowfield. It is also anticipated that a number of additional self-builds will be underway on small sites formerly owned by the council.

Current Financial position of the programme

24. The approved gross development budget for the Housing Delivery Programme is £157m. This is funded from HRA investment of £44.5m and from £112.5m of market and shared ownership equity sales. This budget was developed based on very high level estimates before design work had taken place and assumed more traditional housing developments prior to the council commitment to carbon neutrality by 2030 and the subsequent adoption of the Design Manual which was agreed in September 2019. The objectives agreed in the Design Manual aligned the programme with a higher set of social value objectives. It was outlined that whilst this would bring additional costs to the programme, the wider social benefits were of paramount importance and justified this approach. This investment will deliver 600 new homes, with at least 240 being affordable, alongside new, high quality public open spaces for the local community. The table below summarises the Housing Delivery Programme Budget.

Table 1 Approved Overall Housing Delivery Programme Budget

Costs	£'000	£'000
Land Costs		33,100
Development Costs		118,200

Project Management		5,700
Total Costs		157,000
Funding		
Market Sale		102,700
Shared Ownership Equity Sale		9,800
HRA Investment		44,500
Total Funding		157,000

25. The table above forms the high level business plan for the Housing Delivery Programme. However, these assumptions will inevitably need to be updated as design and associated financial business cases for each site are brought forward. Cost and sale assumptions are updated regularly throughout the development process and land appropriation costs are based on independent valuations at the time of appropriation and are again subject to alteration over time. Both costs and sales are likely to vary against previous financial assumptions, but it is the HRA investment of £44.5m which is the key figure to ensure the programme remains financially sustainable.
26. Executive have previously approved the financial business case for the development of Lowfield Green, Duncombe Barracks and Burnholme. Design budgets were also released for works at Ordnance Lane/Hospital Fields Road and the Willow House site. The table below summarises these approvals and highlights the current unallocated budget for the Housing Delivery Programme.

Table 2 Previous Budget Allocations and remaining budget

	£'000	£'000
Overall Programme Value		157,000
Less Land Appropriation debt adjustment		-30,700
Approvals		
Lowfield Green (July 2018)	-22,500	
Burnholme / Hospital Fields Road (July 2018)	-700	
Duncombe Barracks (Oct 2018)	-2,550	
Project Management (Feb 2019)	-5,700	
Lowfield Green (July 2019)	-4,100	
Hospital Fields Road / Ordnance Lane (Feb 2020)	-1,300	
Burnholme/Duncombe (Oct 2020)	-32,062	
Willow House (Nov 2020)	-120	
Lowfield Green (June 2021)	-2,100	

		-71,132
Adjustment to reflect budget allocations funded from increased sales income and reduced land purchases		14,904
Unallocated New House Building budget		70,072

Reflections on Phase 2 and preparing for Phase 3 of the Housing Delivery Programme

27. The design manual 'Building Better Places' has set the objectives for Phase 2 of the programme and been used to inform public engagement and design work at Duncombe Barracks, Burnholme and the Ordnance Lane sites. The objectives set out in the manual aim to ensure that the new housing developments delivered through the programme support the council in achieving a wide range of objectives for the city by providing much needed new housing, supporting health and wellbeing and meeting the challenges of the climate emergency.
28. Before commencing significant design work on any sites within Phase 3 of the programme, it is important to reflect on the lessons learnt so far so as to better inform the next stages of the programme.
29. The design manual has been widely used in public engagement work. This has helped members of the public and other stakeholders to more fully and more quickly understand the objectives of the programme. This has supported more meaningful engagement work, with an increase in the number of people taking part, providing greater opportunities to reflect the local context. It is considered that this approach has created better quality proposals for each site. This approach has also increased the level of public support for the projects within Phase 2 with the planning application at Duncombe Barracks receiving no objections.
30. The design manual was produced and approved pre-Covid. However, it is considered that its ambitions around creating more spacious and flexible living spaces, access to private and communal outdoor space, and community focused designs are of increased importance. As many of us spend more time at home, we need it to support both family and work life effectively. The resilience of our communities in the city has been of paramount importance to supporting our more vulnerable residents through the pandemic. The inclusive and multi-generational neighbourhood designs in the Phase 2 projects can help to develop and sustain stronger community connections in the future.

31. Ambitions around tackling the climate emergency continue to grow and the delivery of zero carbon houses through the design manual approach plays a key role in supporting that. The homes in Phase 2 will have very low energy demand and will generate all required energy on an annual basis through renewable technology on site. This approach has the dual benefit of reducing incidents of fuel poverty alongside tackling the climate emergency.
32. Delivering zero carbon houses to higher space standards does bring some design constraints, such as achieving the ideal orientation of homes for passive solar gain. Through the procurement of an external design team who are able to match our ambitions, we have been able to achieve good numbers of homes on each of our sites to date. Each home at Duncombe Barracks, Burnholme, and Ordnance Lane will include private outdoor space as well as access to high quality communal open spaces.
33. However, such ambition comes at a higher upfront capital cost than a standard housing development. The approach the Housing Delivery Programme has taken on sites within Phase 2 of the programme is more progressive and ambitious than mainstream practice. This means that there are costs in design and construction which are greater than more standard developments.
34. The initial additional costs at the Phase 2 sites are associated with increased design and public engagement work, larger space standards within the houses and higher environmental standards. The additional resource for architectural, engineering and public engagement work is considered to add around 3% to the total cost of each scheme. It is considered that this investment creates much higher quality, inclusive and sustainable housing developments than the mainstream and represents good value for money. This investment enables greater input from local residents and other stakeholders in order to reflect the character and quality of York.
35. The design manual uses 'Nationally Described Space Standards' (NDSS) as the minimum for all new homes in Phase 2 projects. Whilst NDSS are not statutory or a planning requirement in York, they are often referenced nationally as good practice to ensure homes are suitable for the number of residents who will occupy them. This approach has particular benefit to residents who work at home or those with mobility issues. The result of adopting this standard has meant, as an example, the three bedroom house type at Duncombe Barracks is 18% larger than the smallest three bedroom house type at Lowfield which themselves

are larger than many new build homes delivered in the city. With this extra floor space comes additional build costs.

36. The third main uplift in cost relates to the aspiration for the houses to be zero carbon in use. It is estimated by our cost consultants that this standard brings with it an uplift of about 20% in the current construction market. It is anticipated that this uplift will reduce over time as zero carbon construction and renewable technologies such as air-source heat pumps become more mainstream. The alternative to this approach would be to build homes below zero carbon standards but then face a potential future cost of retrofitting these homes. The cost of retrofitting zero carbon standards onto a typical new build house will significantly exceed the cost of achieving this standard at the time of the house being constructed. A further benefit of achieving the high standards now is that the component parts of the houses within Phase 2 of the programme will come with longer warranties and life expectancy than a standard product, therefore providing long term savings. Given the climate emergency and the city's 2030 carbon neutral commitment, it is considered responsible and sensible to continue to aim to deliver homes to this level of environmental sustainability.
37. The financial model for the Housing Delivery Programme seeks to utilise market sales and shared ownership equity sales to contribute to the total development costs of each project. There isn't a large evidence base available about the additional sales value associated with zero carbon homes and there are multiple location factors which affect this. However, for the purposes of Phase 2 sales it has been assumed that a 5-10% uplift in sales values will be achieved to reflect the long term savings in utility costs for their residents. The higher design standards and space standards will also increase the value of the homes for sale which goes some way to offsetting the additional costs. The programme has been successful in obtaining grant funding and this has been crucial in supporting our ambitions. Further grant funding opportunities will be pursued in order to maximise the delivery of affordable homes within the programme. Overall, the business cases for the projects at Duncombe Barracks, Burnholme, and Ordnance Lane are broadly within the high level financial projections which were developed to support the programme in 2018, highlighting that the approach taken alongside the grant funding we have brought into the projects, ensures that Phase 2 of the programme is financially viable.
38. Moving forwards into Phase 3 of the Housing Delivery Programme, it is considered that the high standards outlined in the 'Building Better Places' design manual should remain. They provide high levels of social

value and can broadly be delivered within the financial envelope of the programme. However, financial viability varies on a site by site basis with abnormal costs and sales values varying significantly across the city and each site will still require sign off of a detailed viability assessment with the possibility that some schemes may require a flexible approach.

39. The Housing Delivery Programme aims to deliver at least 40% affordable homes, including social rent council house tenures and shared ownership. Of the houses directly being built by the council at Lowfield, Burnholme, and Duncombe Barracks – approximately 40% of these will be affordable. This is supplemented by 65 new shared ownership homes through the second hand shared ownership programme and 6 new social rent homes through the rough sleeping accommodation programme. It is hoped that with grant funding support that it may be possible to deliver significantly more affordable housing at Ordnance Lane. The need for affordable housing in York remains high and the local plan will see thousands of new affordable homes delivered over the coming years.

Incorporating the ambitions of the Older Person's Accommodation Programme into the Housing Delivery Programme

40. The Older Person's Accommodation Programme has completed the projects which were within its scope. This includes providing new, age-appropriate accommodation at Lincoln Court and Marjorie Waite Court. In April this year, Haxby Hall care home was transferred to Yorkcare homes. They have invested in equipment and technology to support staff and residents and the redevelopment of the site will begin in 2022. The programme has also worked with providers in the private sector to influence the type of accommodation being built in the city to ensure it reflects our demographic profile. The programme has been hugely successful and has delivered a net increase of 179 care home beds and 379 extra care apartments, with many more with planning approval. Moving forwards, work which analyses supply and demand and develops strong partnership working with the private sector will sit in our new Housing Strategy and Performance team.
41. Due to the completion of projects within this programme, the staff resources have now been merged into the Housing Delivery team thus providing the skill set and capacity to meet a wide variety of housing need through future projects. The objective of ensuring that we provide the right sort of homes for the residents of the city, including more accessible and age-appropriate housing, will sit with the Housing

Delivery Programme. This approach has been followed within the development of plans for the site at Ordnance Lane and Hospital Fields Road which are presented below.

Plans for the redevelopment of the Ordnance Lane site

42. The final site within Phase 2 of the programme is at Ordnance Lane/Hospital Fields Road (referred to as Ordnance Lane hereafter). Public engagement, design and financial business case development has been undertaken and a planning application is ready to be submitted.
43. The existing site is currently a mix of largely unused and dilapidated former temporary homeless accommodation buildings along Ordnance Lane and a large area of hard standing and poor quality industrial sheds off Hospital Fields Road, partly occupied in the short term by a bus company for storage and repairs. The Property Services team are actively working with the bus company to find an alternative site which is in a more appropriate location for this type of use.
44. The surrounding area is a mix of residential (to the north and south) and a variety of business uses to the east and west, including retail, leisure, office and light industrial uses. The site sits in the Fishergate Ward and has good connections to the city centre via Fulford Road or along New Walk by the river Ouse. There are a number of local services and amenities within walking distance of the site.
45. Significant public engagement has taken place with local residents, businesses and other stakeholders over the last 2 years. Some key principles which were agreed as part of the engagement work were:
 - The 'Married Quarters' buildings should be retained if possible, as they are the most significant and attractive buildings, thereby respecting the history of the site;
 - The site is in a very sustainable location and therefore the focus should be on non-car forms of travel; there are opportunities to improve connectivity through the site between Fulford Road and the business uses and riverside open space areas to the west;
 - Housing and communal spaces should be suitable for different generations, including 'intergenerational' house types where a home is occupied by more than one generation as well as apartments which will be occupied by both over 55 year olds and younger people, creating a resident mix which can support community resilience and independence; and

- Commercial, community and work spaces should be incorporated into the project, reflecting the character and history of the site and to bring additional life and vitality to this area which sits between residential and business uses.

46. The objectives of the design manual, analysis of the site context, and the public engagement exercise has resulted in a proposed development including the mix of uses summarised below:

Type	Numbers
1 bedroom apartments	24
2 bedroom apartments	22
2 bedroom maisonettes	2
2 bedroom houses	8
3 bedroom houses	14
4 bedroom houses	10
5 bedroom intergenerational houses	5
Total residential	85
Retail/Commercial	2
Flexible Work Spaces	6
Communal Spaces	2
Total Non-Residential Spaces	10

47. The one bedroom homes are designed with first time buyers in mind and will benefit those who want to have a well-connected and relatively central location in the city, A wide range of family homes are available for new and growing families, benefiting from play streets, shared communal and private gardens, and areas for community growing. 13% of the homes will be fully wheelchair accessible. All homes have been designed to achieve zero carbon standards.
48. The site includes 2 green spaces, one orchard area in the heart of the development with natural play and a second for relaxation, eating and socialising. Much of the landscaping is proposed to be productive reflecting the sites history as an area used for food production prior to its military accommodation use and the desire from local residents and groups to have more spaces for edible growing. Both the edible plants and wider landscaping will encourage biodiversity and provide a focal point for intergenerational activity throughout the scheme.
49. Two retail / commercial spaces will be provided at the entrance to the site along Fulford Road, contributing to the existing vibrant small parade of businesses in this area. These spaces will frame the entrance to the site and provide an active and attractive interface onto Fulford Road,

inviting pedestrians into the wider development via a new pedestrianised street punctuated with attractive green open space.

50. Further spaces along the new street offer a wide and flexible range of potential uses including co-working, studios, making spaces and office space. This will fulfil an existing established demand for these smaller units as demonstrated in other buildings around Hospital Fields Road. It is also considered that the pandemic has accelerated a modal change to flexible working spaces located close to where people live. Residents of the new site will be given priority for all non-residential leases through a short term cascade mechanism, before leases are offered more widely. Through the planning use categorisation type E, residents will be able to lease the spaces for a wide range of uses that are complimentary to the residential context. This offers residents freedom to achieve a better work and home life balance, living sustainably whilst offering new amenities and a focal point for community activities.
51. A financial business case has been developed and with grant support, there are opportunities to deliver significantly more than 40% affordable housing on this site through an increase in the number of shared ownership homes. This responds to the significant demand we have seen for shared ownership on both Lowfield and the second hand shared ownership programme. Shared ownership provides the opportunity for families to be able to step onto the property ladder, who would not have otherwise been able to afford to do so. The planning application will be submitted with 40% affordable housing provision with the potential to amend this once the Homes England grant funding application decision is made.
52. This project will deliver many more affordable housing than planning policy requires, highlighting the significant additional value that comes from a housing delivery programme with social value at its core. We have been successful in attracting grant funding of £2.4m under the Brownfield Lane Release Fund to support the abnormal costs associated with this site. The business case for delivering more than 40% affordable housing assumes that additional grant funding will be secured from Homes England. Discussions with Homes England are on-going and subject to approval of this approach and the recommendations of this report, a formal application will be submitted.
53. Once both the planning application and Homes England Grant Funding applications have been determined, a detailed business case will be brought back to Executive for allocation of the capital budget to deliver this project.

54. The Brownfield Land Release Fund helps to support abnormal site costs to help bring brownfield sites forward for development. It is proposed within recommendation ii) that this £2.4m grant funding (allocation for Ordnance Lane) is accepted and we utilise up to £700k to undertake utility works and design work to prepare an enabling works contract. It is further recommended that we undertake the procurement work for a contractor and that a full business case for this project be brought back before Executive prior to the contract being signed. This provides Executive with the assurance that the project doesn't proceed until the detailed financial business case has been considered but maintains the momentum of the project and reduces the overall delivery timescale. The planned activities include demolition, external works, site preparation and external drainage. The terms of the grant funding specify that the land must be released for full construction by March 2024. The current programme shows this date should be achieved over a year earlier. It should be noted that if we use some or all of the grant for the design and enabling works and the site is not subsequently developed then the grant will no doubt need to be repaid to central government.

55. The predicted timescales for the development of this site alongside the other approved projects within Phase 1 and 2 of the programme are presented in the table below:

Phase	Site	Stage	Key Milestones
1	Lowfield	Construction	Housing development complete Autumn 2022
2	Burnholme	Construction Tender	Enter contract with construction partner - early 2022
			Start on site - summer 2022
			Development complete - spring 2024
	Duncombe Barracks	Construction Tender	Enter contract with construction partner - early 2022
			Start on site - summer 2022
			Development complete - autumn 2023
	Ordnance Lane	Planning Application Prepared	Planning Permission - spring 2022
			Executive consideration of financial business case – spring 2022
			Sign contract with enabling works contractor and commence works – spring 2022
			Enter contract with main construction partner – summer/autumn 2022 – if

			utilise same contractor as Burnholme and Duncombe Barracks
			Main construction works start on site – winter/spring 2023
			Development complete – autumn/winter 2024

Phase 3 of the Programme and potential community housing projects

Willow House

56. The design and project team met with 12 community and stakeholder groups in June, identifying opportunities and constraints, before arranging a 'Meet the Design Team' event on the Willow House green later in the summer, which over 100 people attended. An online survey was set up for those who were unable to attend on the day.
57. Key findings from the engagement so far are:
- There is significant local resident and stakeholder support for a council led redevelopment of the Willow House site;
 - The garage courts are considered a negative feature in the area and the redevelopment of these sites is supported;
 - Areas to the front and rear of the shops were identified as needing improvement, potentially including new development;
 - The green space next to Willow House was of real importance to the local community;
 - Residents felt that there is a general lack of amenity space for the local community; and
 - There was support for a strategic cycle link along Hope Street connecting into the new bridge at Castle Mills.
58. Since these events, the feedback has been collated and is being used to explore different options alongside associated business case development. A further report will be brought before Executive once this work is concluded to seek approval to bring the Willow House site into the Housing Delivery Programme.
59. In the meantime, York Archaeological Trust (YAT) will be using Willow House and the garden area for their 'Archaeology on Prescription' project. Social prescribers and GPs are able to directly refer people who may benefit from the project. The project will include a real trench and dig in the gardens to give participants hands on experience with archaeology. Their aims also include having a positive and meaningful

impact on the wellbeing of participants by providing new pathways to learn, take part in training, gain accredited qualifications, and find opportunities for employment with YAT or others, as well as to work in partnership with organisations across York to act as a bridge between arts, culture, heritage and health in the city.

York Central

60. Further to the November 2020 Executive decision, the team have worked with the landowner partners (Homes England and Network Rail) to develop a brief and Mikhail Riches, the Housing Delivery framework architects, have undertaken a feasibility study looking at the opportunity to deliver housing alongside other community uses in line with the Housing Delivery Programme standards on the Foundry Yard area of the York Central site.
61. The initial outcomes are very positive indicating that there is a genuine opportunity to develop the site with high environmental credentials as part of the Housing Delivery Programme. We are undertaking further design work on the area adjacent to the council's land holding for discussions with landowning partners and a further report will be brought before Executive.

Morrell House

62. In November 2020, Executive supported a recommendation to consider the redevelopment of this former care home site for self-build housing. In the last few months conversations have progressed with OpHouse, a community housing organisation who have an aspiration to purchase the site for its market value, and redevelop the existing building to create 1 and 2 bedroom affordable apartments to rent. The rents would be set at local housing allowance levels or one third of the resident's income, whichever is higher. The building would be retrofitted to high environmental standards and major renovations would be undertaken by the community housing group. The retention of the building saves the embodied carbon already within the fabric of the building and is considered the most environmentally focused way of repurposing this site.
63. The building will contain a number of shared communal areas including a community kitchen and a space available for use by the wider local community. The community housing group have held positive conversations with the planning team about their plans and are currently

developing their business case with a view to making an offer for the site in line with its open market valuation. This site sits within the general fund. Delegated authority is sought to dispose of this site on a long lease subject to receipt of an offer at market value, the completion of due diligence and on receipt of a deliverable business case. The long lease would contain control mechanisms over the use of the land and delivery timescale dates to provide assurances to the authority.

Former Tang Hall Library site

64. This site has been used for storage for a number of years with the previous library use having moved to the Burnholme hub. The site is modest in scale and is constrained by the proximity of the nearby health centre.
65. The Housing Delivery team have been working with a local community group formed by parents of profoundly disabled young adults who formerly attended Applefields School, which is close to this site. The families have come together with the aim of providing long term housing and support solutions for the young family members with complex needs.
66. This group are working in partnership with Broadacres Housing Association, to explore options for creating 6 self-contained homes with communal areas. This project would enable these vulnerable people to have long term accommodation alongside bespoke support funded through individual care packages.
67. The Housing Delivery team have been working alongside colleagues in Adult Social Care and Commissioning teams who are supportive of the proposal. This approach could reduce the overall costs to the social care budget by sharing care costs across the 6 individuals. The accommodation would be purpose built with the specification designed to meet the families' needs.
68. The group have been developing plans for this site for a number of months and hope to be in a position to be able to offer to purchase the site, at its open market valuation, in the coming months. It is expected that the land will be purchased by Cosy Home (CLG), they would then lease the site to the housing association to develop and manage the scheme as the landlord. The care provision would be bought in and provided by a separate registered care provider. The council has secured grant funding for the demolition of the library and site

preparation works for the purpose of community housing. This site sits within the general fund. Delegated authority is sought to dispose of this site on a long lease, once the demolition works are complete, subject to receipt of an offer at market value, the completion of due diligence and on receipt of a deliverable business case. The long lease would contain control mechanisms over the use of the land and delivery timescale dates to provide assurances to the authority.

Consultation & Scrutiny

69. Each project brought forward through the Housing Delivery Programme is subject to significant consultation internally and with a wide variety of external stakeholders and local residents. A programme level engagement strategy has been developed which is used to ensure best practice is followed in providing opportunities for interested parties to have their voices heard and responded to.
70. In recent months, Housing and Community Safety Scrutiny have undertaken work looking at the delivery of affordable housing across the city, including the Housing Delivery Programme, housing association partners and within the private sector. Scrutiny have developed five recommendations from this work which will be presented more formally over the coming months. Two recommendations are specifically related to the Housing Delivery Programme. The first of these is to consider how the programme can be financed and delivered in such a way as to further increase the amount of affordable housing, including opportunities for joint working with housing associations. The second relevant recommendation to this report is that consideration be given to how new open spaces delivered through this programme can be designed such that they are more likely to be managed by the council's in house team or by community involvement.
71. These recommendations are welcomed and it is considered that this report positively responds to these ambitions. As outlined, the programme has delivered over 100 affordable homes so far. The emerging business case for Ordnance Lane seeks to deliver more than 40% affordable housing. This is subject to the receipt of grant funding from Homes England. The team continue to work closely with housing association partners to identify opportunities for collaboration to support further affordable housing delivery. This was demonstrated by the disposal of a parcel of land at Sturdee Grove to JRHT to deliver 8 new affordable homes. At Lowfield, it has been agreed that the formal play equipment will be maintained by our internal Parks and Open Spaces team. Planted areas will be maintained by a York based organisation

who provide training and development opportunities for residents with learning difficulties. This is paid for through a modest service charge by the residents of Lowfield. Housing Benefit will fund this service charge for those residents who are in receipt of this.

Council Plan

72. The 2019-23 Council Plan focuses on eight key outcomes. The recommendations in this report are considered to meet these outcomes in the following ways:
- Good health and wellbeing – The Ordnance Lane project has been designed to promote neighbourliness and community. The homes will be healthy to live in, retaining a comfortable temperature all year round, providing clean filtered air, and provide a flexible home to meet a range of family needs. Each home will have access to private outdoor space as well as high quality public open space. All homes meet good space standards and will have good levels of natural light.
 - Well paid jobs and an inclusive economy – The programme is utilising grant and design expertise to deliver training on low carbon design and construction. The procurement strategy for employing building contractors will have requirements associated with employing local labour and sourcing materials from the area. Each site will provide homes for social rent, shared ownership and market sale with the tenures ‘pepper-potted’ throughout the site. The project at Ordnance Lane will also provide commercial and flexible work spaces to support business start-up and growth opportunities.
 - Getting around sustainably – Each home will have access to secure and enclosed cycle parking significantly in excess of planning standards. The developments will contribute towards the provision of car charging facilities in the area. Low numbers of car parking spaces are to be provided on site. The developments are designed to create new pedestrian and cycle friendly connections, encouraging sustainable transport choice.
 - A better start for children and young people – The developments include significant areas of car free environments and a range of play spaces. The open spaces are designed with children in mind who will continue to be part of the design process as the homes are constructed and beyond.

- A greener and cleaner city – The homes will not have any gas connections. All homes will be zero carbon. The homes will have solar PV as well as either a ground or air source heat pump. The developments will generate as much energy as required to heat and power the homes meaning they will be zero carbon in use. Embodied carbon has been considered in the design stage.
- Creating homes and world-class infrastructure – The Housing Delivery Programme will create over 600 exceptional new homes.
- Safe communities and culture for all – The developments have been designed to encourage the creation of resilient and sustainable communities. North Yorkshire Police have been actively involved in the pre-application engagement work and are very supportive of the proposals from a safer neighbourhoods' perspective. The designs reflect local character and each site has an allocated culture and arts budget of 1% of the construction value.
- An open and effective council – As described within this report the public engagement strategy utilised within this programme has been extensive and has fostered positive and inclusive conversations with a wide range of stakeholders.

Implications

Financial

73. A Full Business Case (FBC) for the project at Ordnance Lane is being developed. This will be presented to Executive as part of a further report once the planning application has been approved and the grant funding application outcome is known. It is projected that the project will sit within the provisional budget allocated for this site when the high level programme level budget was developed.
74. The report recommends a further release of £500k from the unallocated Housing Delivery budget project budget of £70,072k. This allocation reduced that value to £69,572k. The award of additional Brownfield Land Release Fund grant will address the viability gap for the project by funding the abnormal site costs associated with the project. The recommendations are to spend up to £700k of this grant undertaking utility works and developing the design for remedial works. These additional spends do however remain at risk as being abortive prior to final business case approval.

75. The HRA transferred all its commercial units to the general fund in 2017/18. The building of new non-dwelling units is the start of a HRA commercial portfolio. The use/development of any parts of the relevant sites for commercial/non-residential (rather than solely housing) will require express prior consent from the Secretary of State for Housing, Communities and Local Government. Proposals for the operation of this aspect of the scheme will need further consideration as part of the FBC.
76. **Human Resources (HR)** – None
77. **Equalities** – See One Planet Council assessment at Annex 7.

Legal

General

78. Legal advice has been taken throughout the Programme on property, procurement and contractual matters to identify risk, ensure compliance and to avoid challenge and mitigate risk as much as possible. This will continue as the projects proceed into the next phases. The Council has statutory powers to dispose of (including to grant lease(s) of) land owned by the Council on such terms as the Council considers appropriate (albeit that consent may be needed from the Secretary of State for Housing, Communities and Local Government for the disposal of any Housing Revenue Account/HRA land for a price less than open market value).
79. Regarding the proposal to develop some commercial/non-housing space on parts of the Duncombe Barracks and Ordnance Lane sites, pursuant to Section 12(1) the Council may “with the consent of the Secretary of State (for Housing, Communities and Local Government) provide and maintain in connection with housing accommodation provided by them—
- (a) buildings adapted for use as shops,
 - (b) recreation grounds, and
 - (c) other buildings or land which, in the opinion of the Secretary of State, will serve a beneficial purpose in connection with the requirements of the persons for whom the housing accommodation is provided. Accordingly prior written consent from the Secretary of State will be required before the Council can develop commercial/non-housing spaces on these proposed housing development sites.

Procurement

80. Any procurement activity will need to be carried out in accordance with the council’s Contract Procedure Rules and the Public Contracts Regulations 2015 (PCRs), as appropriate.

81. Consideration should be given in respect of imposing any conditions in relation to any disposal of the Tang Hall Library and Morrell House sites to ensure any such conditions do not amount to a specification for works which could then mean the transaction could be viewed as a contract for works and, therefore, would be subject to the Contract Procedure Rules and PCRs. If any leases of those sites are to impose contractual obligations on the respective tenants to construct a minimum number of units of 'community housing' on the relevant respective site within a specified time period then depending upon the value of the Works, this may amount to a Public Works Contract that needs to be formally procured in accordance with procurement laws and the Council's own Contract Procedure Rules. (In the absence of such a contractual obligation on the tenant they will not be under any obligation to the Council to actually construct housing on the demised property).
82. **Crime and Disorder** – The Police Architectural Liaison Officer has been involved in the design development of all Housing Delivery Programme projects.
83. **Information Technology (IT)** – None
84. **Property** – included in the report.

Risk Management

85. It is recognised that there are risks associated with housing development. Risks are identified below in respect of sales values and costs, construction contractor risks, and planning. These risks will be managed through regular monitoring of programme and project level risk registers.
86. Fall in sales values and an increase in development costs
The high level financial models for the projects include an estimation of the likely sale values. Market conditions will be continually monitored to ensure site proposals and financial models are well informed and the houses are attractive to future buyers and renters. A strong evidence base will be developed and continually reviewed. However, sale prices are dependent on the market conditions at the time of sale. Should the market fall, lower sales values will be achieved. This could impact on the HRA's financial capability to deliver all of the affordable homes proposed within this programme. There is also the potential that costs may rise. Whilst detailed due diligence will be undertaken on each site, there is always the risk of unknown costs once development commences. The programme reduces the overall development risk by proposing a mixed

tenure housing solution. If sales values drop considerably there is the potential to rent these privately until the market picks up though this would require the council to create a trading arm to undertake this.

87. Construction contractor risk - The proposed delivery approach includes procuring a building contractor to develop the houses and associated infrastructure and public open space. Whilst all appropriate checks will be undertaken as part of the procurement process to ensure that the potential development partners are financially sound and can deliver a high quality product, such an approach brings risk, both financial and reputational. Any development partner will be subject to external market conditions which could create financial difficulties during the development process. Contract controls and the employment of a clerk of works and site project manager will help to ensure that the council closely monitors quality over the course of the development. Zero carbon homes are not yet commonplace and as such there will need to be particularly close support and controls for the construction partner to ensure the standards are met.
88. Planning - Whilst each project is designed in collaboration with local residents and stakeholders including the planning department and related teams, there remains a risk that any of these sites may not obtain planning permission or not obtain permission for the scale of development envisaged. This would negatively impact the number of affordable homes delivered through the programme.
89. Abortive Costs – Spend prior to planning and business case approval remains potentially abortive. However the receipt of Brownfield Land Grant at Ordnance Lane should increase the value of the land meaning costs should be recovered even in the unlikely event of the scheme not being able to proceed.

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**Report
Approved**

Date

1 October
2021

Specialist Implications Officer(s)

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Wards Affected: List wards or tick box to indicate all

All

For further information please contact the author of the report

Background Papers:

Executive reports

July 2018 – Housing Delivery Programme

January 2019 – Building More Homes for York

September 2019 – Housing Delivery Programme Update

October 2020 – Phase 2 of the Housing Delivery Programme

November 2020 - Update on the Asset Management Strategy 2017-2022

Annexes

Annex 1 – Images of progress at Lowfield Green

Annex 2 – Site Map of Ordnance Lane and sketches showing the planning designs for the site

Annex 3 – Site map of Willow House

Annex 4 – Site map of York Central

Annex 5 – Site map of Morrell House

Annex 6 – Site map of former Tang Hall Library

Annex 7 – One Planet Council assessment