

Executive

22 October 2020

Report of the Interim Director of Place

Portfolio of the Executive Member for Housing and Safer
Neighbourhoods

Phase 2 of the Housing Delivery Programme

Summary

1. This report outlines the business cases for the development of new high quality homes and public open space at Burnholme and Duncombe Barracks utilising the 'Building Better Places' design manual as the project brief. In addition, it is proposed that we further facilitate the delivery of new homes through the disposal of 8 small HRA sites to self-builders, delivering both much needed new homes and a receipt into the HRA capital programme.
2. In September 2019, Executive agreed the adoption of a design manual, 'Building Better Places', which set the framework for the most ambitious council led housing delivery programme for a generation. This is the largest zero carbon house building programme in the country, supporting our ambitions for York to become carbon neutral by 2030. The programme represents a long term investment in high quality new affordable homes which will meet the needs of current and future generations. The pioneering programme supports low carbon lifestyles and promotes health and wellbeing through the creation of new high quality green spaces, connected and walkable neighbourhoods, and internal space standards that mean they can adapt to residents' needs, supporting them to live well and with independence for as long as possible.
3. The financial model for the Housing Delivery Programme is predicated on achieving strong market sales and the high standards outlined in the design manual will support this requirement. These sales receipts provide a significant proportion of the funds to allow us to create new high quality public open space for the local

community as well as double the planning policy level of affordable housing. At Burnholme and Duncombe Barracks it is estimated that the disposal of the market sale homes and self-build plots will deliver a surplus of approximately £3m to cross fund the social value delivered through these projects.

4. The added value which the Housing Delivery Programme provides above and beyond a typical housing development are:
 - More affordable housing – each site will provide at least 40% affordable housing with the mix of homes being based on an assessment of local need evidenced by the Strategic Housing Market Assessment and the housing waiting list (this represents over 240 affordable homes across the programme);
 - Designed to Passivhaus standards – the homes will be extremely well insulated and airtight ensuring they require very little energy and cost to heat;
 - Zero Carbon in Use – the developments will generate as much power through on site renewable generation as required to heat and power the homes, helping York become carbon neutral by 2030;
 - Homes designed to ‘National Space Standards’ as a minimum - with each home having private outdoor amenity space, space to support home working, and the flexibility for the home to adapt to the changing needs of the family;
 - Inclusive - a good proportion of the homes are designed to be fully wheelchair accessible;
 - Promoting sustainable transport choice – the homes have excellent cycle parking facilities including for electric and cargo bikes whilst having low car parking provision. The sites are designed to create new physical connections to encourage people to walk and cycle;
 - Enhanced biodiversity – key tree’s and hedgerows are retained whilst new habitats are created through significant new planting;
 - High quality public open space – integral and centrally located to ensure everyone has access to quality green space;
 - Supporting health and wellbeing – the developments are focused on creating opportunities for meeting and sharing experiences, from shared ginnels to community growing;

- Reflecting York's unique character – the developments are designed to take account of local design details and materials;
- Designed with the community – extensive and detailed public engagement work has shaped the proposals, with residents encouraged to resolve design challenges alongside the development team; and
- Reduction in long term costs – as well as generating an increased long term rental income, the quality of the homes will reduce the need for future investment in adaptations or retrofit works, supporting further Housing Revenue Account (HRA) investment in the future.

Recommendations

5. Executive are asked to:
 - i. Agree to utilise existing project management resources to undertake the procurement of a construction contractor and related support services (in compliance with all relevant procurement legislation) for the residential development, associated infrastructure and public space works at the Duncombe Barracks and Burnholme sites, in accordance with any future planning permission granted for development of those sites, and to delegate to the Director of Place (in consultation with the Director of Governance) the authority to take such steps as are necessary to award and enter into the resulting contracts.
 - ii. Approve the allocation of £32.1m from the Housing Delivery Programme capital budget to deliver the projects referred to in recommendation 1.
 - iii. Agree to the disposal of 8 small sites (see table 7) for the purposes of self-build housing, supporting the council's ambition to enable our residents to provide their own housing solutions.
 - iv. Approve the use of existing resources in the Housing Delivery Programme Capital Budget to support any professional advice and minor works needed to enable the sale of these self-build sites. Plots to be marketed based on an independent valuation with delegated authority to the Director of Place to accept the best offer.

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

Background

6. Demand for new homes in York remains high, but with average prices continuing to rise faster than average wages, finding a home which is both affordable and suitable remains a significant challenge for our residents. Demand for both affordable and market sale homes is anticipated to remain high over the coming five years with both the Housing Delivery Programme and Local Plan key to meeting this demand.
7. In recent months we have perhaps all re-evaluated what makes a good place to live. Having a space to work from home, access to private outdoor amenity space, and being part of a strong and supportive community have never felt more important. The Housing Delivery Programme's objectives around supporting health and wellbeing and independence, promoting community, and tackling the climate emergency are well placed to empower our residents to meet the challenges we face over the coming years. In addition, the Housing Delivery Programme provides opportunities for upskilling our workforce and supporting the green economy which can provide a significant and lasting economic boost to the city in these challenging times.
8. In September 2019, Executive approved recommendations relating to:
 - The creation of the 'Shape Homes York' brand and associated website to support our open market and shared ownership sales;
 - The 'Building Better Places' design manual, setting the standards of our developments;
 - A new public engagement strategy to ensure the voices of our communities are heard and responded to; and
 - An approach whereby site based business cases be brought before Executive for allocation of a development budget
9. Since September 2019 the following progress and milestones have been achieved:

Lowfield Green

- Enabling works have been completed utilising Homes England grant;
- Housing construction is well underway with the first residents due to move into their new home in early 2021;
- The launch of market and shared ownership sales with a number of reservations already made; and
- 6 self-build plots have been sold (subject to contract)

Programme level

- Shape Homes York brand has been developed including the launch of the website;
- The creation of replacement football pitches and a clubhouse at Ashfield are well underway and due for completion this year;
- A customer care team has been created to ensure our market sale and shared ownership buyers are supported during the buying and aftersales process;
- 41 second hand shared ownership programme homes have been sold with 13 more in the legal process, utilising Homes England grant support;
- The new public engagement strategy has been launched and utilised in order to embed our residents in the design process
- The Design Manual has been launched and utilised as the strategic brief for the design of the Burnholme, Duncombe Barracks, and Ordnance Lane/Hospital Fields Road sites;
- Planning applications have been submitted for new net zero carbon neighbourhoods at Burnholme and Duncombe Barracks, with the application for Ordnance Lane/Hospital Fields Road to follow soon; and
- Local Government Association Grant has been secured in order to provide training on low carbon design and construction to local educational institutions and building contractors

10. In July 2018, Executive approved seven sites to be within the scope of the Housing Delivery Programme. Duncombe Barracks was added later once the land was acquired and more recently Woolnough House was removed from the programme as it was approved for use as mental health supported housing. Of the seven sites that are within the programme four are currently being progressed with the others in later phases of delivery. Lowfield Green is on site and Burnholme, Duncombe Barracks and Hospital Fields Road/Ordnance Lane are in the design/planning stages. The

three other sites at the former Manor School, Askham Bar Park and Ride and at Clifton Without School form a later phase of the programme. A comprehensive strategic asset review report is being brought to Executive in November. This will include an update on our land assets including a consideration of any additional opportunities to deliver more homes.

Current Financial position

11. The approved gross development budget for the Housing Delivery Programme is £157m. This is funded from HRA investment costs totalling £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 adoption of the Design Manual which was agreed in September 2019. The objectives agreed in the Design Manual aligned the programme with a much more social value based set of 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 would 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 overall Housing Delivery Programme Budget.

Table 1 Overall New Housing Delivery Budget

Costs	£'000	£'000
Land Costs (appropriation)		30,700
Land Cost (purchase)		2,400
Development Costs		118,200
Project Management		5,700
Total Costs		157,000
Funding		
Market Sale		102,700
Equity Sale		9,800
HRA Investment	13,800	
HRA Land Appropriation	30,700	
Total HRA Investment		44,500
Total Funding		157,000

12. 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.
13. In addition to the high level business plan and Lowfield Green development budget, Executive have approved the release of HRA development budgets to undertake design and planning work for Duncombe Barracks, Burnholme and Ordnance Lane/Hospital Fields Road. The table below summarises these approvals and highlights the current unallocated budget for the Housing Delivery Programme.

Table 2 Previous Budget Approvals

	£'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	
		-35,550
Unallocated New House Building budget		90,750

14. The development at Lowfield Green is currently being delivered within the agreed budget, as such it is currently anticipated that the development cost will be £26.6m. At the time of writing 14 of the 24 homes within sales phase 1 have been reserved. Of the 14 homes which have been reserved, 6 are shared ownership and 8 are market sale. In total this will deliver £2.54m in sales receipts. This is an increase of £0.4m above previously modelled sales values for these homes. This is partly based on homes selling for more than

the projections set in July 2019 and partly that our shared ownership buyers have purchased, on average, more than the 40% equity stake which was previously assumed. These sales have been achieved within the first 10 weeks of launch. All of these homes have been reserved off plan several months before the homes are complete. The show village will be opening in November which is anticipated to maintain the sales momentum on site. In addition, all 6 self-build plots have been sold, subject to contract, delivering a significant financial receipt to the general fund.

Analysis

15. As outlined previously, Executive approved a pioneering set of objectives for the Housing Delivery Programme with social value at its heart. A high level business case was developed before these new objectives were approved. An approach was agreed whereby individual site level business cases would be considered by Executive. The following section of this report outlines the business case for delivering new homes and public open spaces at Duncombe Barracks and Burnholme. Both projects are designed to deliver the outcomes stated within paragraph 4, this is the framework within which the business cases should be considered. The remainder of the report does not duplicate much of the social value outcomes stated in paragraph 4, instead it focuses on what makes each proposal unique and presents this alongside financial analysis. For context and transparency the site financial analysis is presented alongside the previous high level assumptions. As is the case with all financial assumptions, they are not static and are based on best information available at the time. The financial information presented in this report represent a summary of the latest detailed cost plans and independent sales market data.

Duncombe Barracks

16. The plans for Duncombe Barracks includes 34 homes, 1 commercial unit and two new areas of public open space.

Table 3 – Duncombe Barracks mix

House types	Numbers
One bedroom apartment	11
Two bedroom house	8
Three bedroom house	9
Four bedroom house	6

Commercial unit	1
	35

17. The mix of homes is based on an assessed need for the local area. The one bedroom homes are designed with key workers in mind, with the Duncombe Barracks site being just a 15 minute walk from the hospital and city centre. A range of family homes are available for new and growing families, benefiting from the range of local facilities such as shops and schools as well as the public open spaces on site. From an affordability point of view, 20% of the homes are social rent and 20% shared ownership. In respect of the shared ownership, based on current projections, a one bedroom apartment could be purchased at Duncombe Barracks through shared ownership with a deposit of around £4000 and an income of £16,000. A two bedroom house bought with a deposit of £6000 with a household income of approximately £25,000. These examples are modelled on buyers acquiring a 40% equity share in their home but buyers can acquire between 25% and 75% initial equity stake depending on their financial position. The four bedroom homes are proposed to deliver significant sales returns to help cross fund the development costs.
18. The homes wrap around a new shared central green open space which will be used by new and existing residents alike. The design creates a new pedestrian and cycle route linking the site with the new homes to be developed on the football ground. This will create strong physical links to the local school, shops, and other public uses in the area.
19. In addition to the homes, a commercial space is proposed. The commercial space would front towards Burton Stone Lane, close to an existing parade of shops and cafés. Immediately to the north of the site is St Luke's Church which has a thriving community offer. A new public square is proposed in front of the church and new commercial unit to allow these uses to spill out into the outdoor space. The proposals are supported by both St Luke's Church and residents who were part of the extensive public engagement work. Market analysis suggests that this unit would attract a strong rental income and would be attractive for a range of uses. The planning application for this plot is for an E use class, 'Commercial Business and Service'. This new use class allows significant flexibility to meet demand when this unit is marketed. Should there not be demand for this commercial space, it has been designed such that it can

easily be converted into a one bedroom apartment (subject to any necessary planning permission for change of use).

20. The table below shows the latest financial projections for the Duncombe Barracks site. Overall the HRA is required to invest a net sum of £2.829m. The net cost variation from the original business plan is £375k. This relates to a rise in anticipated costs attributable to the added social value of delivering homes to national space standards, providing high quality public open spaces, and delivering certified Passivhaus and net zero carbon homes. This additional costs are significantly mitigated by the use of RTB receipts and a projected increase in sales values for the private sale homes. The financial projections assume no grant funding is secured to help support delivery of the project. The high standards of the new homes will reduce both the long term energy costs for residents as well as long term costs for the HRA in relation to adaptations or energy retrofit.

Table 4 – Financial Business Case Duncombe Barracks

	Current £'000	Base Case £'000	Diff £'000
Land	2,029	2,420	-391
Construction	9,513	6,205	+3,308
Total Expend	11,542	8,625	+2,917
Income			
Market Sales	7,310	5,250	+2,060
Equity Sales	694	560	+134
Total Income	8,004	5,810	+2,194
Balance (HRA Resources)	3,538	2,815	+723
Of which RTB's	709	361	+348
Net HRA investment	2,829	2,454	+375

21. The proposed development includes a commercial unit which adds to the construction cost. However, it will deliver a return to the HRA. It is anticipated that the unit will deliver around £13k per year in order to offset the costs to deliver this community offer.

Burnholme

22. The plans for Burnholme include 85 new homes, two new areas of public open space and improvements to a third.

Table 5 – Burnholme mix

House types	Numbers
One bedroom apartment	6
One bedroom intergenerational apartment	4
Two bedroom bungalow	4
Two bedroom house	33
Three bedroom house	18
Three bedroom intergenerational house	4
Four bedroom house	11
Self-build plots	5
	85

23. The local area around Burnholme predominantly consists of suburban family housing. This has heavily influenced the mix of homes proposed. The Burnholme scheme is developed around the principles of ‘health and wellbeing’. The housing site sits alongside a campus of existing facilities such as indoor and outdoor sports facilities, a care home, a library and café and a range of community uses, as well as a neighbouring SEN school.
24. The layout and public open space within the Burnholme site has been designed to offer a range of high quality spaces for families. Each house has a private garden which backs onto a shared ginnel. This ginnel space is up to 5m in width and gated at both ends. This space will act as a safe and secure extension of peoples private gardens. It is a space where children can play and families can take part in shared activities such as growing vegetables or eating together. To the front of some of the houses are play streets. These are car free streets which offer older children a little more freedom to play with the knowledge that there won’t be a conflict with traffic. In addition the site contains a larger central green space as well as a naturalistic green space to the southern boundary offering a range of community gathering and informal play spaces. The spaces are designed to encourage discovery with a strong connection to nature and enhanced biodiversity. To the east of the site is a large grassed area which can be used for more formal group games and sports.
25. The Burnholme proposals provide a range of homes which are fully wheelchair accessible. The development includes 20% of M4(3) ‘Wheelchair user dwellings’ with all other houses meeting M4(2) ‘Accessible and Adaptable dwellings’ standards. An M4(2) home

meets the needs of residents with differing needs and allows for adaptation of the home to meet the changing needs of the family over time. An M4(3) home meets the needs of residents who use a wheelchair although some simple adaptations may be required. The first and second floor apartments are M4(1) as they include a front door at ground floor with a staircase up to the living accommodation. As well as providing accessible family houses, apartments and bungalows, the development also includes intergenerational homes. These houses support two parts of a family to live together with independence. The two parts of the house contain everything needed to live as a separate household but with a connecting door to enable family support as circumstances require. This design supports our ambitions of enabling people to live well at home for as long as possible. Evidence suggests this is the best health and wellbeing outcome for individuals and families.

26. The table below shows the latest financial projections for the Burnholme site. Overall the HRA is required to invest a net sum of £5.219m. As at Duncombe Barracks, the uplift in cost to the HRA of £1.61m is attributable to the added social value of delivering homes to national space standards, providing high quality public open spaces, and delivering certified Passivhaus and net zero carbon homes. This is mitigated by the use of RTB receipts and a projected increase in sales values for the private sale homes. In addition there are 15 more homes proposed at Burnholme than have been assumed previously. The financial projections assume no grant funding is secured to help deliver the project. The high standards of the new homes will both reduce long term energy costs for residents as well as long term costs for the HRA in relation to adaptations or energy retrofit.

Table 6 – Financial Business Case Burnholme

	Current £'000	Base Case £'000	Diff £'000
Land	3,000	6,600	-3,600
Construction	23,420	12,470	10,950
Total Expend	26,420	19,070	7,350
Income			
Market Sales	17,797	12,721	+5,076
Equity Sales	1,784	1,120	+664
Total Income	19,581	13,841	+5,740

Net HRA (Resources)	6,839	5,229	+1,610
Of which RTB's	1,422	725	+697
<u>Net HRA investment</u>	<u>5,417</u>	<u>4,504</u>	<u>+913</u>

Providing additional self-build opportunities

27. One of the aspirations of the Housing Delivery Programme is to provide a range of housing options for our residents. This includes both community and self-build housing. Lowfield included six self-build plots, all of which sold with significant demand above and beyond the plots available. The plots sold, on average, for just over £100k each. Buyers circumstances vary, but all are motivated to build a home which meets their specific requirements, a home which isn't typically available on the open market.
28. York has a significant number of people on its self-build register and we have requirements under the Self and Custom Housebuilding Act 2015 to provide opportunities for people to build their own home. The Housing Delivery Programme team includes a 'Community and Self Build Officer' to help support our aspirations of providing opportunities for residents to meet their own housing needs. We currently have 415 people on our Self-Build Register.
29. We are proposing five self-build plots at Burnholme. But we have the opportunity to provide additional self-build opportunities by utilising a number of small sites. The HRA has a number of land assets around the city which are considered to be vacant or underutilised. This report recommends that we use our existing resources to initially bring eight of these sites forward to deliver approximately 14 self-build plots. The eight sites are in a variety of wards across York, meeting a range of aspirations of people registered on our self-build register.

Table 7 – Self-build sites

Address	New homes	Ward
Hanover Street West	1	Holgate
Stamford Street	1	Holgate
Garfield Terrace	1	Holgate
Westfield Close	2	Rural West
Windsor Drive	1	Haxby and Wigginton

Chaloners Road Garage Court	4	Dringhouses and Woodthorpe
Dane Avenue	2	Acomb
Arran Place	2	Heworth

30. All of the above sites are within the Housing Revenue Account. The sites do not serve any active function and are in urban locations considered suitable for residential development in principle by local planning policy. The first step would be for the Community and Self-build Officer to undertake engagement work with local residents in order to develop a design guide for each site. This will be designed to reflect local aspirations and will be submitted alongside the outline planning application. Alongside this engagement work, more detailed surveys and site investigations will be undertaken to ensure there are no insurmountable barriers to developing new homes on the sites. When this work is complete planning applications will be submitted. Once consent is given, the plots will be sold based on an open market valuation. The buyer will be required to design and build a home which is energy efficient and meets the local aspirations set out in the design guide. As well as providing new homes, meeting our requirements under the Self and Customer Housebuilding Act 2015, it is also estimated that these self-build plots will deliver over £1m in net sales receipts.

Overall financial summary of proposals at Duncombe Barracks, Burnholme and the 8 self-build sites

31. The disposal of the market sale homes at Burnholme and Duncombe Barracks will deliver a surplus of approximately £3m. This surplus will be utilised to cross fund the provision of affordable homes and public open space. As highlighted above, the estimated costs of development have increased in order to deliver higher levels of social value for the residents of York. The HRA is required to initially invest an additional £1.29m of the previously approved capital budget compared to previous high level assumptions. This additional investment will deliver a significantly increased quality of housing asset to be retained by the HRA. The homes will be future proofed being well connected, zero carbon and to national space standards. The cost of adapting the homes in the future to meet residents needs will be reduced. The quality of components used in the construction will reduce the regularity by which they need to be replaced. The Passivhaus certification will ensure that the homes perform well in the long term, reducing any need to invest in retrofit

measures. It is always more affordable to deliver zero carbon homes from new rather than retrofitting at a later stage. Therefore, whilst these projects require additional upfront investment, it is considered that this investment will deliver long term savings over the whole life cost of the homes. The additional £1.29m will ensure 120 homes are built to good space standards as well as being net zero carbon, for an additional average cost of £10.7k to the HRA. The new homes will deliver additional rental income into the HRA supporting a long term investment programme in improving existing and developing new affordable homes.

32. In addition, it should be noted that the current business cases for Burnholme and Duncombe Barracks assumes no grant funding. Homes England have recently launched their new funding programme. Discussions will take place with Homes England to utilise any potential grant funding opportunities. Any grant funding which is received will reduce the HRA investment ask. It may be possible through additional grant funding to further increase the amount of affordable housing to be delivered on site. Should this opportunity arise a revised business case will be brought before Executive for consideration.
33. It is also important to consider the financial benefits of the disposal of small sites to self-builders which is expected to generate over £1m of net sales receipts. These receipts have not been accounted for in the overall HRA capital budget programme. Therefore these sales receipts are additional to previous income assumptions and will provide additional capacity to further invest in our HRA capital programme.

Programme Delivery Timescales

34. Phase 1 of the programme is to deliver 165 new homes and associated high quality public open space at Lowfield. This site is under construction with the first residents due to move into their new homes in early 2021. Phase 2 is to develop over 220 new homes at Burnholme, Duncombe Barracks and the Ordnance Lane/Hospital Fields Road sites. Subject to planning, construction will commence on Burnholme and Duncombe Barracks in 2021 and on Ordnance Lane/Hospital Fields Road in 2022.
35. The table below summarises the Housing Delivery Programme key milestones.

Table 8 – Programme timescale

Phase	Site	Stage	Key milestones
1	Lowfield	Construction	First residents due to move in early 2021
			Development complete end of 2021
2	Burnholme	Planning	Executive consideration of business case
			Planning permission - end of 2020
			Design work and procure a contractor - end of Autumn 2021
			Start on site before end of 2021
	Duncombe Barracks	Planning	Executive consideration of business case
			Planning permission - end of 2020
			Design work and procure a contractor - end of Autumn 2021
			Start on site before end of 2021
	Ordnance Lane / Hospital Fields Road	Design	Planning application submitted - early 2021
			Executive consideration of business case - Summer 2021
			Start on site in Spring 2022

Consultation

36. The previously approved design manual was the result of significant and detailed engagement across all directorates within the council and external partners. The aim was to create a holistic set of objectives for the Housing Delivery Programme such that considerations of health and wellbeing and climate change were intrinsic to the developments. The programme has objectives set around reducing our impact on the environment, tackling loneliness and isolation, reducing fuel poverty, increasing biodiversity and tree planting, and designing our new homes and neighbourhoods alongside our existing communities. This breadth of scope has ensured more people have been able and wanted to engage in the process.
37. In September 2019, Executive approved a new public engagement strategy for the programme based on three stages. The first two have been crucial in preparing the planning applications for Duncombe Barracks and Burnholme. The first stage is to co-develop and refine the design brief for each site alongside the local community. Supporting local residents and businesses to share what is and what isn't working about their neighbourhood and what they think the area needs. This sets the brief for the architect and design team. The second stage is to then inspire, understand and resolve shared design challenges. Undertaking interactive design work alongside the community, resolving identified problems or creating opportunities together.
38. This approach resulted in the following engagement on each site:

- Over 10 face to face meetings with local businesses, ward councillors, schools, shopkeepers, and other stakeholders
- An introductory 'Meet the Design Team' event at a location within the neighbourhood
- Full day design workshops with local residents
- Design competition with a local school
- Site walking tours
- Progress updates and feedback sessions
- Online workshops and discussions
- Online surveys to enable feedback on further iterations of the design
- Several meetings with planning and relevant departments as part of the pre-application planning process
- A physical display next to each site to encourage residents to feedback comments to the design team and Planning department

Council Plan

39. 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 Burnholme and Duncombe Barracks sites have 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 being designed to 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 'pepperpotted' throughout the site.
 - 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 meet certified Passivhaus standards which means that not only will the homes be designed to be extremely thermally efficient, they will be checked throughout the build process to ensure they meet the expected standards. 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** – The two sites identified within this update of the delivery plan require additional funding of £1,090k more than was originally anticipated when the programme was developed, although this may be reduced through utilising grant funding. The reason for the additional cost is a combination of additional social housing being delivered at Burnholme as well as improved standards particularly in regards to certified Passivhaus and net

zero carbon standards and providing homes which are more accessible and adaptable for our residents including a number of M4(3) wheelchair user homes. Unless grant funding is secured the additional net costs will reduce the funding available for other sites going forward. The recommendations within this report have the following budgetary implications to the Housing Delivery Programme (noting that the land appropriation at Burnholme is not included in the budget line):

Table 9 – HRA budgetary implications

	Duncombe £'000	Burnholme £'000
Current Budget	2,550	350
Recommended Allocation	8,992	23,070
Total Budget	11,542	23,420
Funded by		
Market Sales	7,310	17,797
Equity Sales	694	1,784
HRA Resources	3,538	3,839
Total Funding	11,542	23,420

The allocations will have the following impact to the unallocated new housing building budget within the capital Programme.

Table 10 – Remaining Unallocated Programme Budget

	Expend £'000
Expenditure Budget	90,750
Funding Allocations	-32,062
Land appropriation / Debt adjustment	+3,600
Increased sale assumptions	+7,934
Additional Right to Buy adjustments	+1,045
Revised unallocated Budget	71,267

- **Human Resources (HR)** – *No HR implications*
- **Equalities** – *See Better Decision Making Tool*
- **Legal** - Project and Cost Management resources were procured in February 2019 for the Housing Delivery Programme, and

included these schemes, however any new projects being added need to be monitored to ensure they are within the scope of that appointment. Any procurement process to appoint suitable construction partners will be conducted in accordance with the Contract Procedure Rules and the Public Contracts Regulations 2015.

The use/development of any parts of the relevant sites for commercial/non-residential (rather than solely housing) purposes may require express prior consent from the Secretary of State for Housing, Communities and Local Government. (It is understood that Housing Development Team have sought and obtained specialist external legal advice on potential commercial use from an external law firm). Section 12 of the Housing Act 1985 permits the Council (subject to obtaining the consent of the Secretary of State) to provide and maintain in connection with housing accommodation: (i) buildings adapted for use as shops, (ii) recreation grounds and (iii) 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. If the Council does in due course proceed with developing and using any parts of the relevant sites for commercial/non-residential purposes then it will at that point need to decide whether to hold such parts within the HRA or the General Fund. Any subsequent appropriation from HRA to General Fund (or any use of housing land for commercial/non-residential purposes) would require approval from Executive (and may need consent from the Secretary of State).

- **Crime and Disorder** – No crime and disorder implications
- **Information Technology (IT)** – No IT implications
- **Property** – Covered within the report

Risk Management

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.

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.

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. Certified Passivhaus 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.

Planning

Whilst each project is design 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.

Contact Details

Author

Michael Jones
Interim Assistant Director
Housing and Community
Safety
01904 552 598

Chief Officer Responsible for the report

Tracey Carter
Interim Director of Place
01904 553 419

**Report
Approved**



Date

13 October
2020

Specialist Implications Officer(s)

Patrick Looker
Finance Manager

Walter Burns and Gerard Allen
Senior Solicitors (Contracts and Property)

Wards Affected:

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

Annexes

A – Better Decision Making Tool

B – Red line plans of self-build plots to be sold