

26 September 2019

Executive

Report of the Corporate Director of Health Housing
and Adult Social care
Portfolio of the Executive Member for Housing and
Safer Neighbourhoods

Housing Delivery Programme Update

Summary

1. York has a strong history of being at the forefront of tackling housing issues. In 1902, Joseph Rowntree appointed Parker and Unwin to help tackle poverty and slum housing conditions by designing 'improved houses' for working people of differing incomes in York. The result was New Earswick which has gone on to inspire the garden village movement throughout the country and continues to be used as a model of balanced and sustainable living.
2. Following his work creating garden villages, Raymond Unwin was appointed by the government to deliver a design manual. This manual set out space and design standards and the energy, transport and open space requirements for new housing developments. The design manual formed part of the 1919 Housing Act which was the origin of council house building in the UK and fulfilled the government's commitment to deliver 'homes fit for heroes'. Just one year later York commenced the construction of Tang Hall, with the design manual being used to ensure the new homes were light and spacious with large private gardens.
3. The City of York Council recently committed to delivering its largest house building programme since the 1970's to help tackle the housing crisis. On the 100th anniversary of the Housing Act, this report presents a new Design Manual for our Housing Delivery Programme. The manual sets a new standard for residential placemaking in York, helping to tackle some of the housing, social, health and environmental challenges facing our city today. The

Design Manual will support York in pioneering housing delivery which helps to address the climate emergency, creates beautiful and distinctive new neighbourhoods, fosters sustainable new communities, and provides people of different income levels with a home to be proud of and from which to thrive.

4. In July 2018, Executive approved the scope and vision of the Housing Delivery Programme, with the aim of delivering over 600 new homes over the next 5 years with at least 40% of these being affordable. This report explains the work that has taken place in the last year to enable us to deliver these ambitious objectives and what we need to do next to ensure the success of the Housing Delivery Programme.

Recommendations

5. Executive are asked to:
 - i. Note the progress made on Lowfield, Ashfield football pitches, and Duncombe Barracks and the procurement of a design team to help us deliver the objectives of the Housing Delivery Programme.
 - ii. Approve the 'Building Better Places' Design Manual (Annex B) as the new set of standards for the Housing Delivery Programme.
 - iii. Support the 'Shape Homes York' brand and the creation of a website to support our open market and shared ownership sales.
 - iv. Support the proposed approach for site based business case development, the setting of open market and shared ownership sales prices (supported by RICS valuations and guidance from procured sales agent) and agreeing sales including the associated delegated authorities (see Annex C) with quarterly sales reports to be presented to the S151 Officer and Executive Member for Housing and Safer Neighbourhoods.
 - v. Approve the proposed new public engagement strategy for the programme to ensure the voices of our communities are heard and responded to.
 - vi. Approve the reallocation of the previously approved budget (Recommendation V - Building More Homes for York, Executive report, July 2018) to undertake detailed design work to develop and submit a planning application for the Askham Bar site. With this budget to instead be used to

- undertake the equivalent work at the Ordnance Lane and Hospital Fields Road site. The Askham Bar site to instead be brought forward as part of a later phase of development.
- vii. Note the proposed timetable for the submission of planning applications and a business case for Burnholme, Duncombe Barracks and Ordnance Lane/Hospital Fields Road

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

Background

6. Executive approved the 'Vision' of the Housing Delivery Programme in July 2018. The Vision is to:
- Deliver the type of housing which meets the needs of our residents
 - Meet the full range of affordable housing need
 - Build homes to higher environmental standards
 - Create healthy places where people want to live

The Executive report set out an ambition to directly deliver over 600 new homes across council owned sites, with at least 40% to be affordable housing. The report identified seven sites to be brought forward, namely Lowfield, Burnholme, Askham Bar, former Clifton Without School, former Manor School, Woolnough House, and Hospital Fields Road/Ordnance Lane. In October 2018, a further report was approved by Executive regarding the acquisition of the Duncombe Barracks site, this now forms the eighth site within the Housing Delivery Programme.

7. The July 2018 report and subsequent January 2019 Executive report, confirmed that delivery through the Housing Revenue Account (HRA) was the preferred approach. The 2019 report highlighted how the removal of the HRA borrowing cap has given us much greater capacity to deliver more homes at speed. The council formally approved a £90.75m budget to deliver the programme, funded from market sales and HRA resources as part of the overall Capital Budget (February 2019) with detailed allocations to schemes subject to Executive approval.
8. Since the July 2018 Executive approval of the Housing Delivery Programme, the following progress has been made:

- Lowfield has received planning permission for 165 new homes which includes 40% affordable housing, self and community build homes, public open space, a health and public service building, and a care home
- £1,466,800 of Homes England (HE) grant has been secured for Lowfield under the Local Authority Accelerated Construction fund
- Enabling works have commenced utilising the HE grant at Lowfield and a house building contractor has been procured
- Construction work has started on the creation of eight new football pitches at the former Ashfield Estate site, this will support a growing local children's football club whilst discharging our obligation to provide replacement pitches for those previously at Lowfield
- An internal restructure has been undertaken, creating a new team of housing delivery project managers, customer service officers, construction specialists, a dedicated community and self-build resource and associated support staff
- A new external support team has been procured, including a multi-disciplinary design team led by Mikhail Riches, our new framework architects
- Duncombe Barracks has been purchased at a cost of £1.942m, with part of this acquisition funded from Right to Buy receipts

Setting a new standard of housing in the city

9. The vision of the Housing Delivery Programme (set out in para 6) has created a high level set of objectives through which to deliver new homes. Lowfield was designed and will be constructed in accordance with this vision with the first people moving into their homes in 2020. This report sets out how we can build on these objectives further to create a new standard of housing in York on the next sites within the programme.
10. The new Executive have set out clear and bold ambitions to make the city fairer and more affordable for everyone and to address the climate emergency by making York carbon neutral by 2030. The Housing Delivery Programme will be at the forefront of this agenda delivering a wide reaching positive legacy for the city. The new Design Manual (See appendix 1) outlines that our developments

will create pride in place, support participation, healthy activity, and sustainable communities. We will deliver high quality homes which supports higher educational attainment, mental wellbeing, low carbon lifestyles, and independence. Our homes will be affordable to live in and designed such that our communities are able to thrive.

11. We will develop homes which are spacious and highly accessible and adaptable, allowing people to live in their homes for longer and accommodating the changing needs of occupants. Our developments will create distinctive and beautiful new neighbourhoods which positively respond to the local context. The homes will be zero carbon thus being affordable and comfortable for occupants in the long term. Our next three sites in the programme will achieve this through Passivhaus standards plus renewable energy generation. This will help to tackle fuel poverty for our most vulnerable residents. The homes will sit within new neighbourhoods which contain high quality and accessible open space and public realm which encourage communities to come together. Promoting sustainable transport choices will be integral to all of our developments. The Design Manual includes indicative images demonstrating how some of these aspirations could be delivered on the ground. Developments delivered through the guidance of this Design Manual can add a new layer to York's rich housing history.

Engaging with our Communities and Inspiring Change

12. The Design Manual sets the standards we will be looking to deliver for all of our new neighbourhoods. However, the best outcomes are always achieved by fully understanding the existing area and the needs and concerns of local residents, businesses and other interested stakeholders. Before any design work is undertaken we will undertake a detailed contextual analysis of the site and identify local stakeholders. We will use this to create a site by site public engagement plan which will seek to ensure that as many local residents and other stakeholders can be involved in the development process. We will foster trusted, meaningful and impactful conversations between all stakeholders.
13. The Housing Delivery Programme will build on the success of the MyCastleGateway public engagement strategy by working closely with our communities and other stakeholders at the start of the process to ensure everyone is able to positively shape the

development. Whilst each site will require a different public consultation plan to ensure full engagement in the issues and opportunities, our engagement will follow these three phases:

- **Phase A - Co-develop and refine the design briefs**
We will use a variety of engagement and dialogue tools, including the Design Manual, to explain the ambitions of the Housing Delivery Programme. We will share best practice examples of developments which have delivered high quality and sustainable new communities. We will gain an in-depth understanding of a diverse range of local needs, wishes and ideas for each site and how the new part of the neighbourhood can be made to fit in and enhance the area. We will make these local needs, ideas and perspectives visible and share them through a site specific project section on the Council's website, a household newsletter and social media where appropriate.
- **Phase B - Inspire, understand and resolve shared design challenges**
We will cultivate an open, grown-up debate about challenging design and delivery issues and opportunities. Share and explore challenges, solutions, and decisions throughout the design and delivery process including financial aspects. We will use the 'Building Better Places' Design Manual to structure conversations on design quality and utilise 3D model building techniques to support a better understanding, a more engaged dialogue and to create shared solutions. We will draw on practical examples of homes and streets from our city and elsewhere to inspire creative solutions.
- **Phase C - Make city wide change together**
We will build and strengthen established networks through a programme of site visits, talks and practical workshops focused on learning and delivering high quality 21st century zero carbon homes, healthy streets and sociable places. This will allow the Housing Delivery Programme to inspire innovation across the city. This can be supported by local academic institutions as part of our commitment to measure the success of our developments against our objectives and to continue to learn and improve.

14. Taking time to properly engage stakeholders in the process will help ensure our developments reflect the local context. We will foster long term involvement in our new neighbourhoods, helping achieve our aspirations of creating sustainable and inclusive communities. Well considered community spaces will act as a focal point for the existing and new residents of the area.

Delivering the programme

15. Utilising the HRA is a suitable method of delivering development which achieves our housing and wider social objectives. The HRA has the capacity, both in terms of staff resource and financial scope, to deliver this ambitious programme. We have procured a variety of support services which will allow us to draw on expertise in the areas of cost consultancy, design, construction, and project management. Our new primary architect framework partner, Mikhail Riches, have experience of delivering the type of new neighbourhoods outlined in our Design Manual. They have recently completed a Passivhaus scheme for Norwich City Council which won the Good Neighbour Award and was the Overall Winner at this year's Housing Design Awards and has been shortlisted for the Stirling Prize.
16. Delivering exemplar housing developments can be cost effective in the long term. Such developments can reduce long term costs of maintenance and the cost of living for residents. Creating healthy new neighbourhoods which allow people to live happily in their homes for longer will reduce the demands on other public sector resources. However, Executive need to be clear that developing to higher standards brings additional upfront costs. It is often considered that a Passivhaus development will cost around 10% more than a standard building regulations scheme. Creating high quality public spaces, is partly achieved through a well-considered design but is also influenced by the quality and therefore cost of materials.
17. The increased upfront cost of creating low carbon homes within high quality and distinctive new neighbourhoods can be off-set by the market sale of a proportion of homes on our larger developments. Low carbon homes significantly reduce the overall cost of living. This enables potential buyers to be able to afford the cost of the home over their lifetime. This supports the achievement of strong market sales which is essential to ensure our HRA debt

levels remain affordable and that we are able to support a long term and financially viable Housing Delivery Programme. A large number of local authorities and housing associations in the UK aim to maximise market sale values in order to cross fund the total development cost in order to be able to deliver social rent and shared ownership homes. Any reduction in sales values on our sites impairs our ability to deliver affordable housing. We need to maintain the HRA's capacity to increase its level of debt such that we can deliver the existing programme and take advantage of future opportunities for acquiring land and delivering more homes for our residents. Achieving full market value for our homes will create opportunities to deliver more affordable homes, both on the 8 sites within the programme and in the long term. It is important that we are clear during our site stakeholder engagement work that strong market sale values are vital to cross funding our wider programme objectives such as delivering zero carbon homes, at least 40% affordable housing and high quality public open space. Our approach to developing site financial business cases, determining sales values and delegated authorities as part of the sales process is outlined in Annex C.

18. To assist in understanding the best approach to achieving full open market value for our homes we undertook a survey of local residents and housing professionals. 195 responses were received, primarily from local residents across the full spectrum of age ranges. Responses to two questions were particularly insightful. These are presented below:

Q. Would your expectation of the sale price of a house change if a development was branded as City of York Council compared to a commercial housing developer?

I would expect houses to be...	<u>Percentage of respondents</u>
More than Market Value	0.5%
Less than market value	76.5%
No difference	23%

Q. Would your expectation of the specification of the house for sale (e.g. the quality of the kitchen and bathrooms) change if the house was built by the City of York Council compared to a commercial developer?

I would expect houses to be...	<u>Response</u>
Of a higher specification than a commercial developer	17%
Of a lower specification than a commercial developer	40.5%
No difference	42.5%

19. This tells us that if homes are branded for sale by the City of York Council, this is likely to both reduce potential buyers' expectations of the quality of the home and reduce their expectation as to what the sale price should be. Within this context, it is considered more difficult to sell the homes for the same open market value as would be achieved by a commercial housing developer. This would negatively impact the long term viability of the programme and our ability to deliver more affordable homes for our residents.

20. The approach taken to overcome this issue by a large number of housing associations and local authorities is to sell houses through a distinct brand. The City of York Council, like many other local authorities, does not have a brand which people associate with buying a home.

21. A working group was established containing the Housing Delivery, Communication, and ICT teams alongside external support from a sales partner with experience of selling homes in the city and a design studio with experience of residential sales brand development. Through this collaboration we have developed a brand concept and website wireframe highlighting how a new sales brand might look. This brand would be clearly linked to the council through the use of our 'style guide', the strategic use of our logo and supporting text. The brand would build on and compliment the council's values. However, the new brand would provide clarity around offering market homes for sale.

22. The brand name chosen is Shape Homes York. It is considered that this name successfully portrays a positive message about placemaking, bringing communities together, and setting a new standard of residential development in the city. The brand concept has been market tested through both online surveys and face to face

conversations with members of the public. Of the people who responded and are looking to buy a home in the next 12 months, 92% said that if they saw this brand today they would be interested in learning more about the developments. This is considered to be a very positive response. It is considered that the successful implementation and use of the Shape Homes York brand would increase our opportunity to sell our homes at a rate and level which can help to cross fund our development costs.

Programme Timescales

23. Executive have previously approved a budget to deliver 165 new homes at Lowfield and to prepare and submit planning applications at Askham Bar, Burnholme, and Duncombe Barracks. This report seeks approval to reallocate resources from the Askham Bar site to the site at Ordnance Lane and Hospital Fields Road. This is to ensure that this sensitive site is not left unused for a significant period of time. A business case will be brought before Executive for a budget to deliver these projects over the coming months. The Askham Bar site will be brought forward as part of a later stage of development proposals.

24. The current estimated timescales for the above four sites are:

Site	Start public engagement and design work	Planning app submission	Planning Permission	Executive Business Case consideration	Procure contractor
Lowfield	Complete	Complete	Complete	Complete	Complete
Ord Ln/HFR	Nov 2019	June 2020	Oct 2020	Oct 2020	Mar 2021
Burnholme	Aug 2019	May 2020	Sept 2020	Oct 2020	Mar 2021
Duncombe	Aug 2019	May 2020	Sept 2020	Oct 2020	Mar 2021

25. Following submission of the planning applications for the above sites, the design and public engagement work will commence on the second set of sites within the Housing Delivery Programme. These are Askham Bar, former Manor School, former Clifton Without School, and former Woolnough House sites.

26. In addition, opportunities will continue to be explored for additional provision of housing in the city. This will include engagement with public sector landowners through One Public Estate, work with our strategic partners, and consideration of council owned land which

becomes surplus to requirements. At present, consideration is being given to a council led development on York Central. Business cases will be brought before Executive for consideration of any new proposal which is to be included within the Housing Delivery Programme.

Implications

27. The following implications are:

- **Financial** – The overall cost of the Housing Delivery Programme is £153.9m. This includes the financial implication of appropriating the land at the sites from General Fund to HRA. Council formally approved a £90.75m budget to fund the future programme funded from market sales and HRA resources as part of the overall Capital Budget (February 2019) with detailed allocations to schemes subject to Executive approval. The financial assumptions have been modelled within the HRA business plan and are affordable within that plan. It will be necessary to monitor and amend this plan as individual sites come forward for development. This will be undertaken as part of the regular refresh of the HRA business plan. Key to the success of the programme will be the sales values that can be achieved at the developments.
- **Human Resources** – The Housing Delivery and Older Person's Accommodation Programme teams have been expanded this year. This has created project management and support resource to deliver our development projects. The funding for these teams was included in the previously approved capital programme budget. Council policies will be followed for any further recruitment.
- **One Planet/Equalities** - The development of a wider range of mixed tenure housing in the city will contribute to narrowing the affordability gap which will impact on communities with protected characteristics. See Annex A.
- **Legal** – The Council has the power under section 9 of the Housing Act 1985 to build or acquire housing which includes houses for sale. There are a range of supplementary powers available to the Council which can also assist in delivering this project including powers to borrow. As the Council does not intend to do this for a commercial purpose the Council can act as the developer without the need to do so through a company structure. Disposals of land held under the HRA must be at best consideration unless a

dispensation has been granted allowing sales at under value. Tenancies of HRA properties will need to be granted under normal Housing Act provisions including those as to security of tenure and the right to buy unless the tenancy falls within an exception under the legislation.

- **Crime and Disorder** – Developments will be designed taking account of good practice in terms of reducing the likelihood of crime.
- **Information Technology** – The Housing Delivery Programme will seek to ensure that all housing developments supports digital inclusion and our Digital City ambitions by making the most of existing technology and facilitating future enhancements. This ambition will be supported by utilising existing resources from the ICT team. The sales brand will include a new website which will be funded from previously approved capital budgets and will be developed and maintained in collaboration with the ICT team.
- **Property** – The Asset and Property Management team have and will continue to provided specialist property advice in regards to the Housing Delivery Programme and Elderly Persons Accommodation Review, dealing with commercial landlord and tenant matters; site assembly and development advice. Work has been undertaken to understand where strategic opportunities arise within the commercial and operational estate where assets are potentially surplus and provide an opportunity to be incorporated within the Housing Delivery scope. This work will continue and rationalisation opportunities will be identified and fed into the scope in the future.

Risk Management

28. Delivering an ambitious Housing Delivery Programme brings with it a number of risks. Many of these are in the control of the council, including ensuring sufficient internal resourcing is in place to deliver the projects and managing programme level cash flow. However, a number of risks are external to the programme, such as an increase in building costs or a fall in the housing market.
29. The programme will utilise a comprehensive risk management approach to help identify, understand, and mitigate risk to individual projects and the programme. Each project will be assigned to an internal Housing Development Manager who will be responsible for

creating and regularly updating a risk register in conjunction with colleagues in legal, procurement, finance, property and housing. Executive will have sight of the key risks to each project on a site by site basis through consideration of a business case prior to any building work starting on site. The Housing Delivery Working Group will meet monthly and be updated on the progress and any changes in the risk profile of each site. A programme level financial model has been developed and will be updated monthly to fully understand the current and projected programme level cash flow.

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Approved

Wards Affected:

All

For further information please contact the author of the report

Background Papers:

Executive reports

12 July 2018 – Housing Delivery Programme

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=10470&Ver=4>

17 January 2019 – Building More Homes for York

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=733&MId=10476&Ver=4>

Annexes

Annex A – Better Decision Making Tool

Annex B – ‘Building Better Places’ Design Manual

Annex C - Business case development and sales strategy