

Meeting:	Executive
Meeting date:	7 October 2025
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Portfolio of:	Councillor Michael Pavlovic, Executive Member for Housing, Planning and Safer Communities

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

Subject of Report

1. In June 2025, the Government announced the outcome of the Comprehensive Spending Review which placed housing at its centre with a commitment to deliver the biggest increase in social and affordable housing in a generation. The new Social and Affordable Homes Programme (SAHP) provides a decade of certainty over funding to support the delivery of new homes between 2026-2036. This paper seeks to use the security of the national position to support the delivery of new affordable homes throughout York, building a strong pipeline to seize the opportunities this funding presents.
2. The affordability of housing in York continues to be a significant challenge for the City's residents. It is a clear priority set in the Council Plan (2023-27) for the Council to play a leading role in both direct delivery of new affordable homes through its established Housing Delivery Programme as well as working with Registered Provider partners to increase capacity and maximise delivery. This report presents an update on the work carried out by the Housing Delivery Programme to date and seeks to support to continue this work to deliver additional affordable housing sites and develop an ongoing pipeline of new build housing sites.
3. This report seeks decisions in respect of:

- a) Establishing a construction budget and enter a build contract to deliver 101 homes at Ordance Lane as an 100% affordable, net-zero carbon properties;
- b) Seek authorisation to procure a development partner for Willow House and Lowfield A with a full business case to be presented to Executive prior to entering contract;
- c) Note the progress of the Walmgate Improvement Proposals and approve request for delegated authorities to allocate Neighbourhood Improvement Programme funding towards this and other such projects;
- d) Developing a strong new build pipeline with a budget to commence design work on Former Manor School, and submit a planning application;
- e) Note that grant funding bids will be submitted to YNYMCA Brownfield Fund for Castle Mills, Former Manor School and 68 Centre.

Benefits and Challenges

- 4. Utilising council owned land to deliver affordable housing ensures that the maximum benefit is being achieved through our land assets. The Council has built an established and experienced team who are able to directly deliver much needed affordable homes in the city which meet the needs of our residents. All future projects are designed as 100% affordable housing, maximising both internal funding such as Right to Buy and the newly announced Homes England funding combined with devolved funding through the York and North Yorkshire Mayoral Combined Authority (YNYMCA). The proposed developments remain mixed tenure combining social rented homes with shared ownership to provide a range of housing options for residents in various forms of housing need across the city.
- 5. Delivering the homes directly in the Housing Revenue Account (HRA) ensures that the Council continues to replenish housing stock lost through Right to Buy and that the income generated through rent continues to increase over the course of the 30-year business plan, supporting the ability to invest in existing homes. In the short-term, developing homes directly results in increased

borrowing to support the delivery of new homes, however increasing the number of homes in the council's housing stock has a positive long-term impact.

Policy Basis for Decision

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

Financial Strategy Implications

8. The delivery of Ordnance Lane as 100% affordable housing requires additional borrowing to support the delivery of 50 new build social rented homes, 51 new build shared ownership homes and two commercial units. The business case in Appendix A sets out the proposed funding to deliver Ordnance Lane and requires £13m of long term HRA investment to deliver the project. This long-term investment is combined with external grant funding along with Right to Buy receipts to maximise the use of available grant to subsidise the costs of this project. Whilst the abnormal site conditions of this stalled site combined with net-zero, Passivhaus certified construction methods result in higher-than-average build costs, this is offset using subsidy to ensure delivery of a site that has been underutilised for over a decade. The business case meets the financial hurdle rates and presents a viable investment of funds.

The paper proposes the strengthening of the new build pipeline by seeking to procure a development partner for Willow House and Lowfield A and obtain a budget to support the design work up-to the submission of a planning application on the former Manor School site. The paper also proposes to agree delegated authority for the Neighbourhood Improvement Programme funding to support South Walmgate regeneration work along with similar

projects across the city combined with the introduction of a 'Integrated Neighbourhood Team' Model in the heart of Walmgate to empower residents through a person-centred, strength-based community development model including ongoing estate regeneration, and effective early intervention and prevention over a two year trial period.

Recommendation and Reasons

9. Executive are asked to:

- a) Approve the award of the construction contract for the development of Ordnance Lane to the successful bidder and to delegate authority to the Director of Housing and Communities (in consultation with the Director of Governance) to enter into the contract once finalised.
- b) Recommend to Full Council a construction and delivery budget totalling £37.9m which includes HRA borrowing totalling up to £13.0m.
- c) Hospital Fields Road site is appropriated from the General Fund into the HRA for £1.85m as per independent RICS valuation.
- d) Agree to the application to Homes England for funding to deliver the Shared Ownership properties on Ordnance Lane and accept, if successful, and to delegate authority to the Director of Housing and Communities (in consultation with the Director of Finance and the Director of Governance) to enter into any resulting grant funding agreements.
- e) Agree the proposed tenure mix of 100% affordable housing split between 50 Social Rent homes and 51 Shared Ownership homes on Ordnance Lane.
- f) Agree to utilise the existing project budget to procure a contractor to operate under a Pre-Contract Services Agreement to collaboratively design Willow House to RIBA 4 and price the design to enable a full business case in respect of the development at Willow House to be presented to the Executive for approval and to delegate authority to the Director of Housing and Communities (in consultation with the Director of Finance and the Director of Governance) to

take such steps as are necessary to procure, award and enter into the resulting pre-contract services agreement.

- g) Agree to the procurement of an enabling contractor for Willow House to prepare the site for development utilising YNYCA Brownfield Funding to deliver this work and to delegate authority to the Director of Housing and Communities (in consultation with the Director of Finance Officer and the Director of Governance) to take such steps as are necessary to procure, award and enter into the resulting contract.
- h) Agree to the procurement of a contractor to work collaboratively to design Lowfield A to RIBA 4 and price this design to enable a full business case to be presented to the Executive for approval and to delegate authority to the Director of Housing and Communities (in consultation with the Director of Finance and the Director of Governance) to take such steps as are necessary to procure, award and enter into the resulting design contract.
- i) Agree to the procurement of a multidisciplinary design team to lead the design work on the Former Manor School site and to delegate authority to the Director of Housing and Communities (in consultation with the Director of Finance and the Director of Governance) to take such steps as are necessary to procure, award and enter into the resulting contract.
- j) Pending successful bid for YNYCA Brownfield Fund, to agree to the development of designs and submission of a planning application on the Former Manor School site.
- k) Delegate authority for the future allocation of Neighbourhood Improvement Programme (NIP) funding to the Director of Housing and Communities in consultation with Executive Member for Housing, Planning and Community Safety to support projects such as those outlined in Walmgate Improvement Proposals. The HDP will support the creation of good quality spaces whilst the NIP will improve existing spaces through targeted investment.
- l) Agree the revised red line boundary for the Willow House development as shown in Annex B.

Reason: To ensure the continuation of a manageable pipeline of sites to deliver the Housing Delivery Programme whilst making best use of CYC assets to deliver capital receipts and social benefits.

Background

10. Central to the success of the Council's Housing Delivery Programme (HDP) is the belief that a high-quality, affordable, comfortable home is essential for residents to thrive. Good quality housing impacts all areas of life from increased educational attainment and better health to improved economic outcomes. The Housing Delivery Programme aims to deliver an exemplar for housing developments nationally, by building homes to net-zero, Passivhaus standards that prioritise placemaking and building sustainable and supportive communities.
11. The first Passivhaus developments are now achieving completion with 34 homes and a commercial space complete at Duncombe Barracks and a further 78 homes due to complete this financial year at Burnholme Green. These developments are pioneering and have garnered much attention both locally and nationally. The first social housing customers are moving into their new homes imminently and many of the shared ownership and market sales are progressing through the conveyance process with future homeowners expected to move into the development throughout autumn/winter 2025. Following the successful completion of these projects, this paper seeks to build a robust pipeline to continue to the work of the Housing Delivery Programme incorporating the Executive's core objective to deliver all homes on council land as 100% affordable.
12. In addition to the homes delivered directly through the council's Housing Delivery team, the team are also actively working with wider partners across the Registered Provider (RP) sector to expediate the delivery of new affordable homes by disposing of unused land assets owned by the council as set out in the Executive Report from July 2024. To date, the council have a development partner for the Clifton Without School and a planning submission is expected in early 2026. It is estimated that this site will deliver 13 affordable homes. Additionally, Woolnough House, Morrell House and the 68 Centre have been marketed to RPs with bids returned for both Woolnough and 68 Centre in September 2025. These bids are currently being evaluated and these sites are

expected to deliver approximately 20 new affordable homes, with the majority being social rent homes. The Housing Delivery team continue to build on the strong foundations with RP partners through future pipeline sites in order to expediate delivery.

Consultation Analysis

13. The work of the Housing Delivery Programme continues to be driven by the values outlined in the approved Design Manual 'Building Better Places' which was developed in partnership with key stakeholders across the City. This document sets a clear vision for the ways in which the housing we build can meet a range of objectives around supporting better mental and physical health, tackling climate change, eliminating fuel poverty and increasing healthy and sustainable transport object.
14. It is also critical to work with neighbourhoods to codesign the projects with meaningful engagement from local people, businesses and charity groups. This has been exemplified on the Willow House project where we have established a resident engagement panel along with a youth engagement panel and open drop-in events to ensure local people's voices are reflected in the design from initiation. This has been particularly important on Willow House as the scope of the project also includes undertaking a detailed review if the wider South Walmgate area to deliver a South Walmgate Improvement Proposals. During the process the team has focussed on listening to residents and other stakeholders and identified areas for improvement and then developed and refined the ideas together with the design team to produce a costed plan for future investment. This highlights to the council the needs for the area and identifies ways that the council can support the good things that already are going on and future opportunities, as well as informing the basis of future funding bids and identifying what initiatives there is support for in the area. The options to progress this work are further detailed in the options analysis below.
15. In addition to consultation with key stakeholders in the city, the team continues to build strong relationships with Registered providers working in the city. All potential sites allocated for disposal for 100% affordable housing are tested with RP sector to ensure there is sufficient interest and the projects are indicatively viable prior to marketing.

Options Analysis and Evidential Basis

Ordnance Lane

16. Ordnance Lane will be the first 100% affordable housing development in the Housing Delivery Programme and consequently is a flagship site for delivering the priority commitments of the Council's Executive. This site has been under-utilised and stalled for many years. A previous planning application was developed by the council in 2016 but due to complex reasons around viability, the option to develop was not pursued. Further to this unsuccessful development proposal, the council continued to lease the Hospital Fields Road part of the site for light industrial use whilst the Ordnance Lane continued to be used as hostel accommodation. The site came into the Housing Delivery Programme and work commenced on design in 2019. Following the election in May 2023 and subsequent Executive approval in November that year, the scheme has been redesigned as 100% affordable housing.
17. The redesigned development achieved planning approval in August 2024 and will create 101 new homes including 25 intergenerational apartments, as well as a further 2 commercial spaces, 2 community spaces, and 3 new areas of public open space. All new homes on Ordnance Lane will respond to the climate emergency by being built to certified Passivhaus standard and will be zero carbon in use (regulated energy) meaning residents will see a reduction in energy bills of over 70%. The development also retains and enhances the best and largest building on the site at the heart of the development, the previous military accommodation known as 'The Married Quarters'. This building will be retrofitted to very high thermal performance standards to ensure that homes will be comfortable and energy efficient for future occupiers.
18. Due to the site's previous light-industrial use, there were significant risks to developing the land such as contamination, utility diversions and existing buildings requiring demolition. To reduce the amount of risk a Principal Contractor would factor into a building contract, enabling works were undertaken, funded from grant received from One Public Estate's Brownfield Land Release Fund. The enabling works were completed in November 2024 significantly reducing the site 'abnormal' costs for a Principal Contractor. Following the completion of the enabling works, the

building contract tender was published in January 2025 and concluded in June 2025. Bids have been evaluated, and a budget is required to move the project into the delivery phase.

19. To date, there has been £4,262m spent on the design and site preparation of Ordnance Lane, which has been offset by the grant funding obtained by the One Public Estate (OPE) Brownfield Housing Fund which totalled £2.249m. This report seeks a total construction budget of £37,894m which is inclusive of a 10% contingency and all fees to deliver this exemplar affordable housing project. It is understood that the quality of this net-zero project combined with ongoing abnormal costs such as retaining the Married Quarters results in higher-than-average build costs, however extensive work has been undertaken to offset these costs by utilising public subsidy to reduce the long-term investment required from the Housing Revenue Account (HRA). The project has received £2.02m of additional Brownfield Funding from the York and North Yorkshire Mayoral Combined Authority (YNYMCA) and the council entered into a Grant Funding Agreement with YNYMCA in May 2025. The business case (Confidential Annex A) seeks to utilise unspent Right to Buy (RtB) receipts to subsidise the 50 social rented homes on the development and also seeks to continue the strong partnership working established with Homes England to submit a bid to support the delivery of 51 shared ownership properties on the development. Indicatively Homes England are supportive of this proposal, and this paper seeks to submit a bid to the new Social and Affordable Homes Programme (SAHP) once it opens for applications in early 2026.
20. On the basis that the Homes England grant funding bid is successful, the net HRA investment (excluding RtB receipts) for a 100% affordable housing scheme would total £13,011m, inclusive of borrowing costs, to deliver 101 affordable homes resulting in a cost of £129k per affordable, net zero carbon Passivhaus home. The proposal has undergone thorough viability testing and exceeds key financial rates for affordable housing. Details are provided in the financial implications as well as a business case provided in the confidential Annex A.
21. It is important that opportunities are taken through our delivery of a large housing development to add social value to the local area. Within the draft construction contract the successful bidder has committed to a set of social value outputs that will benefit local Small and Medium-sized Enterprises (SME) including allocating a minimum of 30% of supply chain contracts to local businesses,

either directly through the successful bidder or via support from their supply chain partners, supporting local SME's through training, mentoring, and access to work packages. The successful bidder will also host 'Meet the Buyer' events and training sessions including health & safety and tendering for local SME businesses to support them in meeting prequalification and capability standards. In addition, the successful bidder has committed to social value outputs which will benefit the local economy including the creation of 10 new roles across site management, trades, logistics, and administration, creation of temporary and part-time positions for local people including return-to-work candidates and individuals from underrepresented groups. At least 11 work experience placements for local jobseekers and college leavers, placements for care leavers, and a minimum of 3 apprenticeships will be delivered by collaborating with employment partners such as York Carers Centre, Jobcentre Plus, and local charities.

Willow House

22. In November 2023, the HDP received approval to develop a housing scheme in order to submit a planning application. This work has been ongoing, working closely and collaboratively with community to codesign the planning application for the Willow House site, comprising a former care home and garage courts in Walmgate to be developed into 36 affordable homes and associated amenity spaces. The homes that are delivered will be spacious and fit for the future, being zero carbon in operation and with very low energy bills, aiming to be certified Passivhaus homes. It is anticipated that the new build development will be submitted for planning approval in Autumn 2025.
23. In order to ensure the design is as efficient and buildable as possible, this report seeks support to engage a Principal Contractor at an earlier stage in order to undertake the detailed design stage together. This approach will mean that the contractor has the ability to influence the design from an earlier stage and work collaboratively to develop a superstructure design and identify the supply chain to derisking the project. The scope will ensure there are clear output for delivery of the RIBA 4 design so that the council own a design that could be priced by other contractors if it was felt that the appointed contractor's price did not offer good value for money. It is anticipated that to complete the RIBA stage 4 design with a contractor will cost in the region of £300k and this will be funded utilising the £1,120m obtained from the YNYMCA Brownfield Funding.

24. Willow House has several abnormal costs including the need to demolish the existing care home, remove historic service connections and clear the site. The site will require enhanced archaeological investigation following the site clearance and so it is critical to commence this work as soon as possible to reduce any delay to the construction of the new homes. This report therefore seeks permission to undertake a procurement activity to engage a contractor to deliver an enabling package of works. The options for this procurement have been reviewed and it is felt that it is beneficial to separate the main works package from the Principal Contractor procurement to allow for better engagement with local SME contractors and start-on-site as soon as possible. A scope for the enabling package is being finalised and it is anticipated the value of this work will be approximately £500k which will be funded from the existing project budget combined with YNYMCA Brownfield Funding.
25. The team are also producing Walmgate Improvement Proposals, this is an evolving document being developed collaboratively and the current draft is appended in Annex C. During the process of developing this plan the team has focussed on listening to residents and other stakeholders, identifying areas for improvement and then developing and refining the ideas together with the design team. This work highlights to the council the needs of the area and identifies ways that the council can support the good things that already are going on, identify future opportunities, as well as informing the basis of future funding bids and identifying what initiatives there is support for locally.
26. The Walmgate Improvement Proposals highlights thirteen projects within the South Walmgate area ranging from small interventions on housing land to create secure space for local residents to have more control over shared garden spaces, to developing a heritage trail to celebrate the local history of the area, to bigger more ambitious projects to create new homes on in-fill sites and improve the surrounding streets.
27. It is acknowledged that the development of the Walmgate Improvement Proposal is the first step to implementing regeneration to the area and that the involvement of local people will need to be central to this ongoing work at every stage to ensure that delivery meets the expectations of those living in the

community. The Walmgate Improvement Proposals will be further developed and proposals refined with local people and ward councillors in coming weeks before a final document is published. It is felt that the Walmgate area is high priority area for an intensive intervention utilising the York Neighbourhood Model to improve the experiences of residents living in the area.

28. In order to deliver the aspirations set out in the Walmgate Improvement Plan funding sources may include the Neighbourhood Investment Programme, as described in the Housing Landlord Annual Report at June's Executive Meeting:

The HRA budget includes a £170k annual capital budget for investing into estates. This Neighbourhood Investment Programme will deliver improvements to the areas around Council homes. The primary focus of the funds will be:

- *Building community capacity to co-manage shared spaces.*
- *Support wider estate regeneration work, for example supporting The Groves Neighbourhood Plan objectives and supporting the development of neighbourhood plans in other areas.*
- *Supporting measures to reduce ASB, for example through new lighting, security gates and the closing off of unsafe passageways.*
- *Improving communal areas around council houses and apartments, such as improving hardstanding areas, tree and shrub planting, and enabling community and resident activity.*

This funding will not be used for building repair tasks, this work will be funded from general repairs budgets.

This report recommends to Executive that the decision making for the future allocation of Neighbourhood Improvement Programme (NIP) funding is delegated to the Director of Housing and Communities in consultation with Executive Member for Housing, Planning and Community Safety to support projects such as those outlined in Walmgate Improvement Plan.

29. A dedicated Regeneration Officer will act as a conduit between the community, City of York Council services, and external funding

bodies, ensuring sustainability and ongoing growth of the project in Walmgate. They will work with the teams delivering the sensitive planning application at Willow House, to ensure that neighbours are fully engaged and they will seek funding, partners and capacity to deliver on the Walmgate Improvement Proposals. To measure the benefits of this trial it will be critical to have clear measurable outputs which are reviewed and reported on to the Executive at 12 months and 24 months to inform the success of the trial and support future initiatives.

30. Several of the projects identified in the Walmgate Improvement Proposals focus on public realm and funding bids will be required to support these projects however, where the projects identified are to be delivered on housing land with direct benefit to council tenants, it is proposed that funding from the Neighbourhood Improvement Programme (NIP) is utilised to deliver these in the short-to-medium term. This will demonstrate commitment to delivery and also act as a catalyst for the wider area regeneration. It is anticipated that NIP funding will be utilised to focus on the most immediately deliverable interventions such as enhancing shared garden spaces, securing areas by reducing through routes to improve safety, increasing privacy planting and creating interesting features to celebrate the history of the area such as a heritage trail.
31. An independent cost report has been undertaken to review the funding required for all the projects listed in the Walmgate Improvement Proposals. Many of the small-to-medium scale interventions may be funded through NIP and will result a meaningful improvement to the area by tackling issues such as anti-social behaviour and underused communal space whilst creating momentum and empowering residents to change the area. This paper seeks to allocate funding from the established Neighbourhood Improvement Programme budget under the recommended delegations as outlined at paragraph 9. Where larger interventions such as infill development or retrofit measures are to be explored, this will be part of a longer-term regeneration approach to the area and will require further in-depth feasibility work, neighbourhood engagement and a detailed business case.
32. To deliver these improvements, the Executive are also asked to note the change to the red line boundary for the site (Annex B) This area includes several additional marginal areas in need of

remediation with the new build development, including a site of a possible substation and a small alleyway.

Lowfield Green Plot A

33. In September 2024, Executive agreed to approve the development of Plot A at Lowfield Green for specialist housing for adults with learning disabilities and / or autism. Since this approval, early design work has been undertaken and an initial RIBA Stage 1 design developed. To date, three successful stakeholder events have taken place, two with people with lived experience of learning disabilities and autism, and one for neighbours to the scheme. All events were successful and will inform the future scheme refinement.
34. The project successfully gained £392k of Brownfield Funding and CYC entered into the grant agreement in May 2025. Work to develop the RIBA Stage 2 design is underway and the aim is to submit a planning application in early 2026.
35. With a view to expediting the timeframes for delivery and meeting the grant funding milestones, this paper seeks to engage a contractor earlier in the design process and maximise their input at an early stage in the project. The funding for this procurement activity is allowed for within the existing budgets a full business case will be returned to Executive prior to letting a build contract.

Future pipeline sites

36. There are several additional sites that have been allocated for direct delivery through the Housing Delivery Programme, namely Manor School Site and Askham Bar. Given the national support for delivering affordable housing, the paper seeks to build a strong pipeline setting the aspiration for the coming funding period.

Former Manor School site

37. The Former Manor School site is located in Acomb ward, has been vacant for over a decade since the school was relocated to Millfield Lane. The site is bounded by Low Poppleton Lane and A59 Boroughbridge Road. It is divided into two sections due to the provision of an access road, which, when built, will serve as the entrance to the ABF British Sugar development site located to the north of our site. The council's land ownership is shown below (see Figure 1). A planning application (17/01072/FUL) for this access

road was approved in May 2017, and CYC have agreed to sell the road access to the ABF British Sugar.



(Figure 1)

38. The ABF British Sugar site is a major development site in the York Local Plan, designated as ST1, and is set to deliver 1,100 new homes. It is understood that this site will soon undergo enabling work to prepare the site for housing and then will be subject to a monitoring period by the Environment Agency. The northwest portion of the site contains the foundation of the former Manor School (shown as site A), while the southeast portion is an open green field currently used as informal public realm (shown as site B).
39. The development of this site via the Council's Housing Delivery Programme has been delayed pending clarity on when the ABF site will be developed however, given the extensive enabling work and subsequent monitoring required to bring the site forward, it is

felt that progress on the council owned land should no longer be delayed and the council should progress work to develop the part of the site shown as Site A above. An initial massing study has been undertaken which demonstrates that the 1.52ha site (Site A) could deliver approximately 70 homes whilst maintaining a large area of open space for enjoyment by the local community. Retaining the area shown as Site B in Fig. 1 above will ensure valuable green space is secured and enhanced for future generations in the Acomb ward which currently has the lowest green space per capita in the city. Additionally, preserving the established trees which boundary Boroughbridge Road will be a key focus of future design proposals acknowledging the benefits this green infrastructure brings in offsetting the impacts of traffic and high congestion in the immediate vicinity.

40. Using the high-level massing study carried out to date along with independent cost advice, an outline business case has been created to ensure the project is viable prior to seeking a budget for further design development. This early business case anticipates utilising both Homes England and YNYMCA Brownfield funding to support the delivery of the site, and based on receipt of this subsidy the long-term HRA investment of £13.5m which would be repaid over 43 years through rental income, representing a sound investment in accordance with well-established development finance modelling. The initial business case will evolve through the next design stage.
41. This report seeks £1.6m from HRA Housing Delivery Funding to take the project through design stages RIBA 1-3 and submit a planning application. A bid will be made to the YNYMCA Brownfield Fund Round 3 to support this project and this budget request is dependent on this bid being successful.
42. The project will be subject to internal governance at each design stage to ensure the project stays within the brief and remains viable and updates will be provided to the Executive. A procurement exercise will be undertaken to appoint a design team for the project.

43. The Council have been successful in bidding for revenue funding from Homes England to undertake feasibility studies in order to build a further new build pipeline. Askham Bar is a designated Housing site in the local Plan and will be a key target for this revenue funding. The site is located in the Dringhouses ward of the city and is boundaried by a large supermarket to the West, a railway line to the north and a busy roundabout to the eastern frontage resulting in a challenging development site. The site is currently leased to Nimbuscare who operate a community diagnostics centre from the site.
44. Feasibility work will be underway between September 2025 and March 2026 to undertake a range of surveys and initial design work to support proposals for a mixed-use development. This work will inform future development options, which will be presented to the Executive in Spring 2026.

Castle Mills

45. In July 2024, a paper was presented to the Executive seeking permission to progress discussions with a Registered Provider who was interesting in acquiring the Castle Mills site to deliver 100% affordable housing. These discussions have been ongoing however, they have been subject to delay whilst further information on funding was awaited from central government in the Comprehensive Spending Review in June 2025.
46. Given the clarity provided regarding funding for affordable housing as part of the Affordable and Social Homes Programme the council is now reviewing options both with an RP partner organisation as well as options to develop the site directly utilising the Housing Delivery Programme to deliver the site as 100% affordable housing. This is a challenging site with increased abnormalities such as easements and flood attenuation which means there is a requirement for brownfield funding in order to make the scheme viable. The council has applied for Brownfield Funding from YNYMCA for Castle Mills to further support the delivery of this scheme as affordable housing and develop an options appraisal to be presented to the Executive.
47. A review of the project is currently underway to rationalise the previous advanced design work and undertake an independent cost review. Indicatively, this rationalisation combined with the

increased grant rates through both Homes England and YNYMCA suggest the site is likely to be viable for delivery as a fully affordable city-centre scheme, focussed on delivering much-needed key working accommodation. A further paper will be presented to the Executive shortly to seek a decision on the preferred delivery route for this site.

Organisational Impact and Implications

48. **Financial,** Council has approved £4,579k to date to deliver a housing scheme at Ordnance Lane Hospital Fields Road. This included £2,429k of One Public Estate grant funding that has allowed decontamination and enabling works at the site.

The proposals in this report identify a scheme going forward to construction and delivering at a value of £37.9m.

This will be funded from HRA resources and the budgeted breakdown is as follows

	£'000
<i>Shared Ownership Sales Income</i>	7,746
<i>Right to Buy Receipts</i>	11,292
<i>Homes England Grant (estimate - not secured)</i>	3,825
<i>YNYMCA Brownfield Funding</i>	2,020
<i>HRA Resources</i>	13,017

The government has announced new flexibilities around the use of Right to Buy Receipts going forward and therefore the funding split above is indicative. The Director of Finance will ultimately determine the most appropriate funding allocation of HRA resources including Right to Buys when funding capital expenditure each year within the overall budgetary approvals.

The confidential annex a) gives a breakdown of the costs of the project including contingencies.

The borrowing costs are assumed to be c £650k per annum and this can be funded from the assumed rent levels at the development. Rent levels will increase by inflation whereas debt costs remain flat and therefore over time the development provides a net surplus for the business plan whilst providing additional social housing units.

The land at Hospital Fields Road (value £1.85m) will need to be appropriated from General Fund to the Housing Revenue Account.

The financial impact of this appropriation will be that an adjustment equivalent to the market value of the land to be transferred will be made to the apportionment of the council's debt financing costs; increasing the costs to the HRA and decreasing the costs to the General Fund by approximately £75k per year. The increased costs will need to be met from existing HRA budgets.

The costs arising from the proposals to continue to develop schemes at Willow House, Lowfield Plot B and Manor School can be funded from funding awarded from the YNYMCA brownfield fund alongside resources approved within the Housing Delivery Programme project Team.

Human Resources (HR), There are no direct HR implications contained within the report however the paper represents a significant increase in ambition, and it should be noted that it is likely that additional resource will be required to deliver the outcomes detailed in the report. Where additional resource is required, these costs will be capitalised to the projects and costs will be included within proposed business plans and established and resourced in accordance with council policy.

Legal, There are a number of proposals set out in this report and these legal implications address general points arising from those proposals.

Any proposed works and services will need to be commissioned via a compliant procurement process under the Procurement Act 2023 and the council's Contract Procedure Rules.

It is likely Homes England, YNYCA and any other funding bodies will require any applications for grant funding to be accompanied by a Subsidy Control assessment to ensure the proposed funding complies with the Subsidy Control Act 2022. If the assessment is not required at the application stage, it will be required prior to signing any grant funding agreement. Legal Services will carry out a review of any proposed grant funding agreements and any required Subsidy Control assessments to confirm whether any mitigating actions need to be taken prior to entering into the arrangements.

Where CYC intends to pass on any of the funding to another party, this must be subject to a further grant agreement, to ensure that relevant terms and conditions under the grant agreement with the funding body are passed on accordingly. Similarly, any contracts for works or services that are to be funded by the grant funding

must be drafted to ensure relevant terms and conditions under the relevant grant agreement are passed on accordingly.

Procurement, Procurement will be a main tool used to deliver the priorities and projects set out within this report. All works and/or services must be procured via a compliant, open, transparent, and fair process in accordance with the council's Contract Procedure Rules and where applicable, the Procurement Act 2023. Creative and innovative ways of procuring will be explored to ensure elements of the council plan are captured within the procurements and to maximise social value and maximise public benefit. Further advice regarding the procurement process and development of additional procurement strategies must be sought from the Commercial Procurement team.

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

As proposals are developed the Public Health Team would like to maintain engagement to ensure these developments meet up-to-date healthy place making standards including child friendly housing, autism friendly outdoor spaces, Make space for girls and all age accessibility including life time homes which can be adapted as our population ages.

Environment and Climate action, The built environment accounts for over 60% of direct carbon emissions from within City of York's local authority boundary; and half of these emissions are associated with domestic buildings. It is therefore essential that the construction and operation of any new or refurbished homes are low/zero carbon.

The new homes at Ordnance Lane will respond to the climate emergency by being built to certified Passivhaus standard and will be zero carbon in use (regulated energy) meaning residents will see a reduction in energy bills of over 70%. Willow House development will be fit for the future, being zero carbon in

operation and with very low energy bills, aiming to be certified Passivhaus homes.

Future designs should aim for zero carbon in use and Passivhaus standard to minimise the environmental impact and minimise energy bills for residents.

In addition to operational emissions, these projects should seek to minimise environmental impact during the construction phase (embodied carbon). This should start at design with a carbon impact assessment and lifecycle analysis.”

Affordability, Provision of additional low-cost housing in York will help to address the current lack of affordable housing for those in the city on low incomes, along with potentially reducing travel costs and improving health and wellbeing of residents. As the report states good quality housing impacts all areas of life from increased educational attainment and better health outcomes to improved economic outcomes, equalising opportunity across the city.

Equalities and Human Rights, A full EIA is included at Annex H and identifies positive impacts for several groups, in particular those with lower income.

Data Protection and Privacy, the data protection impact assessment (DPIAs) screening questions were completed for the recommendations and options in this report and as there is no personal, special categories or criminal offence data being processed to set these out, there is no requirement to complete a DPIA at this time. However, this will be reviewed following the approved recommendations and options from this report and a DPIA completed where required.

Communications, The housing delivery programme remains an important part of the story of the council's work to support communities. As such we will continue to identify opportunities for positive communications around this work. As sites are developed, more targeting communications and marketing support will be delivered to support the specific outcomes for each area.

Economy, The York Economic Strategy 2022-32 recognises the challenges of affordable housing in York and its impact on economic growth. The proposals in this paper are well aligned with

that strategy and would help bring benefit to tenants, employees, and businesses in York.

Risks and Mitigations

49. Cost Increases – there has been high levels of inflation across the construction industry in recent years, and the sector can be subject to disproportionate increases. Once the council enters into a build contract with the preferred bidder this will fix the cost and transfer inflation risk for the project to the contractor to insulate against further construction inflation, however any changes made within this contract will be subject to inflation and increased costs. The scope is thorough to minimise the changes once in contract however, this remains a risk. A 10% contingency is also built into the budget to help mitigate other cost pressures.
50. Delays – Whilst contract prices are fixed, delays that are due to the client would lead to increased contract costs. Pre-agreement of highways and drainage designs before construction commencement will mitigate against other common causes of cost increase. Significant ground investigation work has also been undertaken and extensive surveys of the Married Quarters and enabling works at Ordnance Lane, however it is not possible to fully remove all risk from the project. Given the complexity of this net-zero PH project, a 10% contingency has been allowed.
51. Sales Prices for Shared Ownership homes – these are reliant on the market. The York market is generally strong however, it has certainly been less buoyant in recent years and interest rates on shared ownership mortgages have been high, however despite this the Council have continued to run successful shared ownership programmes so it is felt the risk is minimal. There are also exit strategies around moving to an intermediate rent if required.
52. External Grants – the shared ownership element of the schemes are viable due to the inclusion of grant from Homes England. Should this not be fully achieved this could lead to the schemes being unviable. Failure to secure sufficient grant would require a revised business case to be brought back before Executive for consideration.
53. Interest Rates – the borrowing costs are based on interest rate levels of 5%. Should these increase beyond those levels at the time of borrowing this would impact the scheme viability.

Wards Impacted

Fishergate, Guildhall, Westfield, Dringhouses, Acomb.

Contact details

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Annexes –

(Confidential) Annex A – Ordnance Lane Business Case
Annex B – Willow House Red line Plan
Annex C – Draft Walmgate Improvement Proposals
Annex D – Ordnance Lane Red line Plan
Annex E – Lowfield A Red line Plan
Annex F – Former Manor School Site Red line plan
Annex G – Askham Bar Red line Plan
Annex H – Equalities Impact Assessment (EIA)

Abbreviations

HDP - Housing Delivery Programme

YNYMCA - York and North Yorkshire Mayoral Combined Authority

RP - Registered Providers

OPE – One Public Estate

RtB – Right to Buy

SAHP – Social and Affordable Homes Programme