



Author/Lead Officer of Report: Janet Sharpe,
Director of Housing and Neighbourhoods Service

Tel: (0114) 2735493

Report of: Executive Director, Place

Report to: Cabinet

Date of Decision: 21 November 2018

Subject: New Homes Delivery Plan, November 2018 -
March 2023

Is this a Key Decision? If Yes, reason Key Decision:-	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
- Expenditure and/or savings over £500,000	<input checked="" type="checkbox"/>	
- Affects 2 or more Wards	<input checked="" type="checkbox"/>	
Which Cabinet Member Portfolios does this relate to? Transport & Development Neighbourhoods and Community Safety		
Which Scrutiny and Policy Development Committee does this relate to? Safer and Stronger Communities		
Has an Equality Impact Assessment (EIA) been undertaken?	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
If YES, what EIA reference number has it been given?	(260)	
Does the report contain confidential or exempt information?	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>
If YES, give details as to whether the exemption applies to the full report / part of the report and/or appendices and complete below:-		
<i>"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."</i>		

Purpose of Report:

The *New Homes Delivery Plan* sets out the broad principles and proposals for a programme for achieving on average 2,000 new homes per annum in the areas of Sheffield where they are needed over the next five years, and a longer-term pipeline to sustain this level of delivery.

The proposed five year programme will implement the priorities of Sheffield City Council's (SCC's) current *Housing Strategy 2013-23* relating to new housing provision. This is presently being revised and will be brought back to Cabinet for approval in early 2019.

This New Homes Delivery Plan is being presented to Cabinet ahead of the new Housing and Neighbourhood Strategy and Affordable Housing Strategy to ensure that momentum is not lost on the overall housing delivery which is currently being achieved in Sheffield, particularly where approved and proposed Council investment programmes will continue to deliver and influence the delivery of much needed new homes in the city including achieving over 725 new affordable homes each year.

Meaningful affordability is at the heart of this plan. 725 new affordable homes are now required each year. This is a substantial increase from recent levels of affordable home delivery and will be achieved through the successful delivery of this plan.

Recommendations:

That Cabinet:

1. Approves the *New Homes Delivery Plan November 2018 – March 2023* as attached to this report and approves the proposals for a five year funded programme (and pipeline for the next 10 years) that will contribute to achieving on average 2,000 new homes per annum in the city. Individual business cases for each element of the programme will be approved via the Council's governance and financial approval processes and implementation of any of the initiatives identified may be the subject of further executive decision making in accordance with the Leader's Scheme of Delegation.
2. Notes that the Council is seeking to secure investment from the "Housing Infrastructure Fund" (HIF), which could provide the funding for the activity identified in this report.
3. Notes that in the absence of HIF investment being sufficient for the activity identified, a further Cabinet report will be produced to set out and authorise alternative investment options.
4. Authorises the Chief Property Officer, in consultation with the Director of Housing and Neighbourhood Services and the Director of Legal & Governance, to negotiate and agree terms for the acquisition of properties for the purpose of shared ownership as described in the report.
5. Requests the Director of Housing and Neighbourhood Services in consultation with the Cabinet Member for Transport and Development to present a further report in 2019 setting out proposals for a new Affordable Housing Strategy, including Quality Standards and 5 Year Programme which will be reviewed annually by Cabinet.

Background Papers:

New Homes Delivery Plan, November 2018-March 2023

Lead Officer to complete:-	
1	I have consulted the relevant departments in respect of any relevant implications indicated on the Statutory and Council Policy Checklist, and comments have been incorporated / additional forms completed / EIA completed, where required.
	Finance: <i>Jane Wilby/ Karen Jones</i>
	Legal: <i>Andrea Simpson</i>
	Equalities: <i>Louise Nunn</i>
<i>Legal, financial/commercial and equalities implications must be included within the report and the name of the officer consulted must be included above.</i>	
2	EMT member who approved submission: Laraine Manley
3	Cabinet Member consulted: Jack Scott Jim Steinke
4	I confirm that all necessary approval has been obtained in respect of the implications indicated on the Statutory and Council Policy Checklist and that the report has been approved for submission to the Decision Maker by the EMT member indicated at 2. In addition, any additional forms have been completed and signed off as required at 1.
	Lead Officer Name: Janet Sharpe
	Job Title: Director of Housing and Neighbourhoods
Date:	

1. PROPOSAL

- 1.01 The *New Homes Delivery Plan* sets out the broad principles and outline proposals for a five year rolling programme (to be annually reviewed and updated) to implement the priorities of the SCC Housing Strategy 2013 – 2023, approved by Cabinet in February 2013, and *Homes for All: Housing and Neighbourhoods Strategy 2019* (due to be presented to Cabinet in early 2019), relating to new housing provision.
- 1.02 *Homes for All: Housing and Neighbourhood Strategy 2019* will set out an ambition to meet housing need by supporting the building of over 2,000 new homes, including 725 new affordable homes, each year over the next five years. A more detailed Housing Needs Assessment is currently underway to underpin the Strategy by identifying the homes we need across the city to meet the growing demand for housing. The proposed build figure of 2,000 new homes per year may change as further local proposals are developed and approved.
- 1.03 The proposed programme would support the delivery of a mix of housing types and tenures by the private and public sectors, including direct delivery of homes by SCC.

The Delivery Plan describes how SCC could:

- Influence the number, types and tenure of homes delivered in the city to achieve a balanced housing market to support wider economic, social and environmental aspirations, and to create a more balanced and quality housing offer that better meets local housing need.
 - Make use of appropriate brownfield opportunities in the first instance where possible and focus on sites in the priority locations.
 - Focus activity, expertise and increased SCC intervention in the market to guide the desired build programme and property standards.
 - Ensure the maximum planning gain from any development to support the affordable and social housing programme.
- 1.04 The New Homes Delivery Plan brings together in one place existing programmes to ensure that the current delivery rate is maintained and identify the necessary steps to significantly increase the average annual delivery of homes. It is also needed to ensure that a wider range of homes and tenures are delivered by house builders in the private sector. Last year approximately 74% of new homes were apartments or student accommodation, which do not adequately meet the housing needs of many current and future households in Sheffield.
- 1.05 The Delivery Plan sets out *Principles of Intervention* to guide the Council's interventions to influence the development of new housing, to help ensure a strategic approach is adopted that makes best use of scarce resources and maximise planning gain on development sites in the city.
- 1.06 The number of new homes expected to be delivered without Council intervention over the Delivery Plan's five year lifetime is estimated to be 8,494 new homes, which is significantly below the number of new homes that need to be delivered during this

period. With the interventions proposed in the Delivery Plan, it is estimated that a total of 10,428 homes could be delivered over the same five year period (1,934 net additional), which would meet Sheffield's identified housing for this period. Our aim is to improve on these numbers as further development and funding opportunities arise to address the shortfall of affordable homes in the city.

- 1.07 The New Homes Delivery Plan includes commitments made in the Housing Revenue Account (HRA) Business Plan that was approved by Cabinet in January 2017 that proposed to further increase the Council's stock increase programme from 1000 to 1600 new homes as a minimum. This is being further reviewed following the government announcement in October 2018 that the HRA Borrowing Cap will be lifted to enable local authorities to increase council house building.

To facilitate the delivery of more affordable housing it is proposed that a further report be presented to Cabinet later in Autumn 2018 setting out proposals for a new Affordable Housing Strategy, including Quality Standards and Programme. This will set out clearly the housing options for many people who are struggling to afford their current housing costs and/ or where the housing choice in their neighbourhood does not meet their current housing need.

- 1.08 The Housing Delivery Activity Table at Appendix A of the Delivery Plan under "Affordable Housing" includes the proposal that the Council will "develop a Council shared ownership model". This will provide an improved offer for people who can afford to purchase a share of their home if they do not have the means for full purchase that could free up rented accommodation in the area.

- 1.09 A report will be presented to Cabinet in 2019, setting out the options and implications for the Council delivering shared ownership properties. Ahead of that report there may be the opportunity for the Council to acquire a small number of properties for shared ownership within new housing developments. This report seeks authority to proceed with such acquisitions if the opportunity arises.

- 1.10 In 2017 the Government announced the introduction of Social Rent as a new tenure eligible for funding as part of its Shared Ownership and Affordable Housing Programme. The statement announced £2 billion to deliver Social Rent across the country. The Council is taking advantage of this funding and this should provide the opportunity for more affordable homes to be built by the Council through its HRA Affordable Housing Stock Increase Programme. This funding is open to Local Authorities and Housing Associations.

In September 2018, the Prime Minister announced greater funding certainty for Housing Associations (HAs), with a proposed £2bn funding programme was recommended. The **new** funding is to support "longer term partnerships" allow HAs to bid for funding up to 2028/29. This should make it easier for HAs to leverage private finance. This funding may provide the opportunity to encourage HAs to build in the city in greater numbers and deliver private homes for sale and rent.

In October, 2018 the Prime Minister announced the lifting of the HRA Borrowing cap which currently restricts local authorities' ability to borrow money to build more new

affordable homes for rent. Sheffield has been working closely with the Government over the last 2 years for them to consider this flexibility. The detail of how this will be implemented is still being finalised. However, with the use of Homes England Funding and, a more relaxed HRA borrowing agreement this should enable the Council to bring forward its Council Housing Build Programme to meet demand.

2. HOW DOES THIS DECISION CONTRIBUTE TO:

- **An In Touch Organisation**
- **Strong Economy**
- **Thriving Neighbourhoods and Communities**
- **Better Health and Well Being**
- **Tackling Inequalities**

- 2.1 Unaffordability and living in unsecure rented homes is a significant barrier to the creation of a fairer and more equitable city. Tackling this in the manner and scale proposed in the Delivery Plan would result in a less fractured housing market and enable more people to live in homes that suit their needs and aspirations.
- 2.2 The proposals as set out in the Delivery Plan will ensure the new housing delivered in Sheffield's neighbourhoods includes the correct types and tenures to provide a wider choice of housing for local people at each stage in their life.
- 2.3 It will contribute to improved health and wellbeing by supporting households to move into homes that better meets their needs and that they can afford and, enable a more diverse supply of housing to help people meet their economic and physical needs.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 This report was informed by two key assessments of information which involved specific consultation with the public and developers:
- *Sheffield Strategic Housing Market Assessment 2013*, which was based on survey evidence from 3,363 households and extensive consultation undertaken with internal and external partners to identify the priority issues for the Housing Strategy 2013-23. This consultation ran between March 2010 and May 2012 and included surveys (online and face to face), workshops and attendance at ward. Although this consultation was carried out over five years ago it is felt still to be relevant; however, we are committed to carry out further consultation in the first two years of the plan and further consultation throughout the life of the plan.
 - *Sheffield Strategic Housing Land Availability Assessment*, which is informed by annual discussions with housing developers currently delivering, or with plans to deliver, new homes in the city.

Consultation has also taken place with key stakeholders and care professionals as part of developing the Council's Older Persons Housing Strategy and its Homelessness Reduction Strategy that were approved by Cabinet in 2017.

It is also proposed that as new homes are built that we will expect a clear new role for developers to engage with local residents to ensure new homes are integrated and located in areas that will improve the quality of our neighbourhoods.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 The proposals in the Delivery Plan would have a positive impact on housing choices for many groups with protected characteristics, as outlined in EIA 260. It would help to provide a greater choice of affordable, accessible and age-friendly housing for Sheffield's residents, and help some of the city's most vulnerable residents to access and maintain independent lives in safe, warm, good quality homes.

4.2 Financial and Commercial Implications

4.2.1 To address the shortfalls in housing types, achieve the increased rates of housing delivery and fully realise the benefits of increased income, there would be a requirement for investment of up to £25,265,000 over the Delivery Plan period 2018 – 2023, of which £9m has already been approved by Cabinet. A breakdown of how this funding would be invested is shown in the ‘Funding and income’ section of the appended Delivery Plan. A high level summary of the programme’s income and expenditure is shown below:

Page 58	No. of Sites	No. of homes	NHDP ¹ Spend £000	Estimated Income £000										
				1-5 Years Income					6-10 Years Income					Income 10 Years Total
				NHB	Council Tax	CIL	Capital Receipts	Income 5 Years Total	NHB	Council Tax	CIL	Capital Receipts	Income 6-10 Years	
Without Intervention	103	8494	£1,193	£30,072	£41,269	£34,793	£18,300	£124,434	£6,192	£72,267	£4,622	£0	£83,081	£207,516
With Intervention	122	10428	£26,458	£33,925	£45,977	£38,259	£31,855	£150,016	£11,624	£85,556	£3,159	£390	£100,729	£250,745
Net Additional Impact of Interventions	19	1934	£25,265	£3,853	£4,708	£3,466	£13,555	£25,582	£5,432	£13,289	£-1,464	£390	£17,648	£43,229

A breakdown of the number of new homes and, income for each element of the £25.265m above is as follows:

¹ The Council is seeking to secure investment from the “Housing Infrastructure Fund” (HIF), which could provide the funding for the activity identified in this report. In the absence of HIF investment being sufficient for the activity identified, a further Cabinet report will be produced to set out and authorise alternative investment options.

4.2.2 The investment required includes the £9M of Growth Investment Fund resources for “Strategic Acquisition for Brownfield sites for Housing Development”, which was approved by Cabinet in March 2018. This Plan will provide the additional homes within the next 5 years and, establish a clear pipeline of activity over the next 10 years. The key aim of this programme is to address the significant shortfall of housing in our neighbourhoods.

Project	Cost (£000's)	Sites	Units
Strategic Acquisitions	£8,817	2	137
Housing Growth	£16,448	17	1,797
Total	£25,265	19	1,934

4.2.3 The above table outlines the indicative expenditure and income generated for the Council by the current programmes (without intervention) and the total indicative expenditure and income as a result of the interventions outlined in the New Homes Delivery Plan. The net additional income generated as a result of this investment is estimated to be £25,582,000. The actual amount of income generated will be subject to housing market conditions over the period and annual updates will be provided to Cabinet on these figures and future forecasts. The sources of incomes accounting for this income generation are:

- New Homes Bonus: income receivable from Government on a 4 year rolling basis, payment based on the net number of new homes built and empty homes brought back into use.
- Council Tax generated and collected.
- Community Infrastructure Levy generated via the implementation of planning consents
- Land receipts paid to the Council for the sale of land/property.

4.2.4 Income generated by the programme will go into the Council’s Growth Investment Fund, which is established on the basis on an ‘evergreen’ fund whereby the net returns from projects (including New Homes Bonus and capital receipts from property sales) are reinvested into future projects which in turn generate new returns. A proportion of the fund is set aside for ‘enabling’ projects to support physical infrastructure schemes which generate no immediate return but create a setting for investment and support the Council’s corporate capital programme to bring forward some of the Council’s other strategic projects. The proposed programme provides greater certainty of future income to underpin the Council’s medium term financial strategy.

4.2.5 The implementation of any of the proposals arising from implementation of the Delivery Plan may be subject to further decision making in accordance with the Leader’s Scheme of Delegation, and the specific financial and commercial implications will be considered fully at that time.

4.2.6 It is proposed to fund the shared ownership proposals by a combination of Housing Revenue Account resources and Right to Buy receipts as match funding to acquire the shared ownership properties. There is sufficient capacity to accommodate the acquisition costs from the HRA budget and Right to Buy receipts to provide the

necessary match funding.

4.3 Legal Implications

- 4.3.1 The Council has powers of acquisition of land and housing for the purposes of Part II of the Housing Act 1985 under section 17 of that Act. Section 18 provides that where houses are so acquired the Council must secure that they are used as housing accommodation as soon as practicable after acquisition. By virtue of section 9 of the Act the power to provide housing accommodation for the purposes of Part II may be exercised by disposing of houses so provided, for example for use for shared ownership. Dwellings and land held for Part II of the Act are accounted for within the Housing Revenue Account by virtue of Part VI of the Local Government and Housing Act 1989.
- 4.3.2 While the Council has powers to carry out any of the interventions identified in the Delivery Plan there are no other direct legal implications arising from this report. The implementation of any of the proposals arising from implementation of the Delivery Plan may be subject to further decision making in accordance with the Leader's Scheme of Delegation, and the legal implications will be considered fully at that time.

4.4 HR Implications

- 4.4.1 In order to implement the Delivery Plan a dedicated Housing Delivery Team will be in place for the next 5 years. The structure of this team, and the posts within it, will comprise a range of specialised skill sets, programme management, project commissioning and project management. The cost of the team forms part of the investment identified at Section 4.2 of this report. The team make-up will be carefully monitored and amended in line with the nature and number of projects that come forward (the detail of annual costs is within the delivery plan) to ensure maximum effectiveness and efficiency.

4.5 Other Implications

- 4.5.1 Section 6 of the appended Delivery Plan identifies the key risks that pose a threat to successfully implementing the programme, and activity that is proposed to mitigate these risks. They encompass:
- Infrastructure required to unlock sites
 - Site viability
 - Housing market changes
 - Private sector delivery capacity

5. **ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 The main alternative considered was to not develop the Delivery Plan. This was rejected because:
- Without interventions the delivery of housing by the private and public sectors is

forecast to fall significantly short of the scale of new homes delivery needed in the city.

- Without interventions the narrow types and tenures of housing currently being delivered by the private sector are expected to remain and continue to fail to meet the housing needs of current and future households in Sheffield.
- General uncertainty in the housing market could reduce delivery.
- Fragmented land use patterns make it difficult to deliver a co-ordinated package of infrastructure solutions necessary to support new communities. The strategic acquisition of land as one of the programme interventions being proposed will help to address this issue.
- The lack of resources to co-ordinate proposals and the lack of strategic funding means that future infrastructure solutions could continue to be delivered in isolation and infrastructure solutions fail to impact positively. The delivery of physical infrastructure solutions as one of the programme interventions being proposed will help to address this issue and enable, unlock or accelerate housing delivery.

6. REASONS FOR RECOMMENDATIONS

6.1 With further investment it is anticipated that the following outcomes could be achieved (subject to project / programme specific approvals). The Council can undertake a number of interventions as outlined in the New Homes Delivery Plan, to build approximately 2,000 new homes as a minimum in the next 5 years. For example:

- The Council will build a minimum of 1600 affordable new homes, through the HRA Stock Increase New Build Programme and will aim to increase this further through securing external funding from Government and a review of the HRA debt cap regulations
- A further 11 Council owned sites could be developed by the Council or marketed, accelerating over 400 new homes in the next 5 years and 1000 new homes across all tenures.
- Sheffield Housing Company could accelerate the delivery of a further 350 new homes in this period.
- Strategic acquisitions will commence on a rolling programme in the city centre housing zone, to unlock sites with the potential for 500 homes in the next 5 years.
- Provide the opportunity to work in partnership with Rotherham to develop the pipeline for the Sheffield/ Rotherham corridor that could achieve over 18,000 homes over the next 20-30 years.
- The pace of new build will be a combination of directly working with the private sector and simplifying advice for the private sector to get on and deliver new homes.
- The proposed investment is estimated to generate the equivalent amount of increased income to the Council.

- A greater supply and variety of houses to help balance the citywide shortfalls.
- With a dedicated Housing Growth Delivery Team there will be opportunities to enable and accelerate housing growth through the private sector, by promoting site opportunities, problem solving on stuck schemes and promoting the city as a place for housing investment.

Appendix A – Delivery Plan