



Author/Lead Officer of Report: Janet Sharpe,
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Report of: Executive Director, Place
Report to: Cabinet
Date of Decision: 19 September 2018
Subject: New Homes Delivery Plan, September 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 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:-		
<p><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"The (report/appendix) is not for publication because it contains exempt information under Paragraph (insert relevant paragraph number) of Schedule 12A of the Local Government Act 1972 (as amended)."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></p>		

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 would implement the priorities of Sheffield City Council's (SCC's) *Housing Strategy 2013-23* relating to new housing provision, in line with the approaches set out in the draft *Homes for All: Housing and Neighbourhood Strategy 2018* which is due to be presented to Cabinet in the autumn.

This New Homes Delivery Plan is being presented to Cabinet ahead of the new Housing and Neighbourhood 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.

The *New Homes Delivery Plan* sets out the reasons why a new housing delivery plan is needed; the local housing vision, including what new housing needs to be delivered in the city and where; the approaches that could be taken to deliver the programme; the case for intervention; the level of funding that would be required to deliver the programme in full, and the income it could generate; how success for the programme would be measured; key risks to successfully delivering the programme and actions to mitigate them; and the governance arrangements that would be put in place.

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.

Recommendations:

That Cabinet:

1. Notes the contents of the *New Homes Delivery Plan September 2018 – March 2023* attached as an appendix to this report and approves the proposals for a five year programme that will contribute to achieving on average 2,000 new homes per annum in the city.
2. Notes that the implementation of any of the actions or interventions described in the *New Homes Delivery Plan September 2018 – March 2023* may be subject to further decision making in accordance with the Leader's Scheme of Delegation.
3. Authorises the Chief Property Officer, in consultation with the Director of Housing and Neighbourhood Services, to negotiate and agree terms for the acquisition of up to 16 properties for the purpose of shared ownership as described in the report and to instruct the Director of Legal and Governance Services to complete the necessary legal documentation.
4. In respect of the building and acquisition of Council Housing:
 - (a) Notes that further reports and updates on this matter will be submitted to

- the Cabinet Members for Development and Transport and Neighbourhoods and Community Safety via the Place Growth Board, as outlined in Section 7.
- (b) Rescinds its decision of March 2014 insofar as it relates to the authorisation of officers;
 - (c) Authorises the Director of Housing and Neighbourhood Services in consultation with the Cabinet Member for Neighbourhoods and Community Safety to identify properties for acquisition for council housing;
 - (d) Authorises the Director of Housing and Neighbourhood Services in consultation with the Cabinet Members for Neighbourhoods and Community Safety and Transport and Development to identify sites held by the Council for the purposes of Part II of the Housing Act 1985 for new build Council Housing and specify the type and size of homes required;
 - (e) Authorises the Director of Housing and Neighbourhood Services in consultation with the Director of Finance and Commercial Services and the Cabinet Member for Neighbourhoods and Community Safety to set such charges for the tenancy of each dwelling acquired or built under this programme as she deems reasonable.
5. Requests the Director of Housing and Neighbourhood Services in consultation with the Cabinet Member for Transport and Development to present a further report later in Autumn 2018 setting out proposals for a new Affordable Housing Policy, Standards and Programme.

Background Papers:

New Homes Delivery Plan, September 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</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
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 Service
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 2018* (due to be presented to Cabinet in the autumn), relating to new housing provision.
- 1.02 *Homes for All: Housing Neighbourhoods Strategy 2018* will set out an ambition to support the building of over 2,000 new homes, including 725 new affordable homes, a year over the next five years. The proposed target figure of 2,000 new homes per year will 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 and growth aspirations, and to create a more balanced housing offer that better meets local housing need.
 - Make use of appropriate brownfield opportunities and focus on sites in the priority locations described in the *Housing and Neighbourhoods Strategy 2018*.
 - Focus activity, expertise and increased SCC intervention in the market to guide the desired build programme.
 - Ensure the maximum planning gain from any development to support the affordable and social housing programme.
- 1.04 A New Homes Delivery Plan is needed to ensure that the current delivery rate is maintained and to identify the necessary steps to significantly increase the average annual delivery of homes since 2005, which has averaged 1,400. It is also needed to enable widening of the narrow range of homes and tenures currently being delivered by house builders in the private sector, the majority of which are apartments or student accommodation and 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 every development site 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 and required housing delivery target

for this period.

- 1.07 The New Homes Delivery Plan does not supersede the principles for Building and Acquiring New Council Housing approved by Cabinet in February 2014. The delegations made by Cabinet at that meeting, however, reflect the Council's management structure relating to Council housing and property functions at that time. Subsequent restructures mean that those delegations are confusing or obsolete and this report makes recommendations in respect of new Council housing to update and replace them.
- 1.08 To facilitate the delivery of 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 Policy, Standards and Programme.
- 1.09 The Housing Delivery Activity Table at Appendix B of the Delivery Plan under "Affordable Housing" includes the proposal that the Council will "develop a Council shared ownership model to retain Council equity in property to meet housing need and maximise the number of affordable homes delivered using council resources". A report will be presented to Cabinet no later than January 2019, outlining the options for the Council delivering shared ownership properties. The report will explain how shared ownership works: the landlord sells a share in the property to the buyer and retains the remaining equity; the buyer holds the property under a lease, has responsibility for repairs and maintenance, pays a rent for the landlord's share and has the option, but is not obliged, to buy further equity up to the full 100% by "stair-casing". The report will also include such matters as selection of prospective purchasers, basic lease provisions, rent and leasehold management.
- 1.10 Ahead of that report there may be an opportunity to acquire properties for shared ownership from a private sector developer in a new housing development. These homes would be acquired below the open market value, and therefore represent good value for money to the Council. Acquisition would be funded through the Housing Revenue Account and other RTB receipts. In February 2014 Cabinet approved a programme of acquisition and new build to renew the Council's housing stock but this programme was limited to social rented properties. This report therefore seeks authority for the acquisition of up to 16 properties for shared ownership.
- 1.11 Any homes acquired under this authority will be secured for use for shared ownership, not any other form of affordable tenure, but how this tenure is to be delivered will be the subject of a later executive decision following the Cabinet decision on proposals for a Council shared ownership model.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 **An in touch organisation:** The scale and types of homes needed by local people have been identified through extensive consultation with Sheffield households as part of the Sheffield Strategic Housing Market Assessment. The proposals set out in the Delivery Plan will help to enable them to be delivered over the next five years.

- 2.2 **Strong economy:** Good quality and affordable housing plays a vital role in the city's economy. It enhances Sheffield's competitiveness by attracting and retaining businesses and their workforce. The proposed programme would also support vital construction jobs by delivering more than 2,000 homes over five years which would be unlikely to be delivered without the proposed interventions.
- 2.3 **Thriving neighbourhoods and communities:** The proposals set out in the Delivery Plan would help to 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. It would support the development of mixed tenure, balanced communities to enable households to remain living or to move into their neighbourhood of choice.
- 2.4 **Better health and wellbeing:** The proposals would contribute to improved health and wellbeing by supporting households to move into homes that better meets their needs, such as: more homes in all tenures for older households looking to downsize, to enable independent living and promote active ageing; more family housing to reduce overcrowding, which has been shown to have a negative impact on family relationships, sleep, depression, stress, anxiety and educational outcomes; and more specialist homes to enable more people with a range of physical and mental disabilities and impairments to live in a safe and suitable environment that will support their physical and mental wellbeing.
- 2.5 **Tackling inequalities:** The proposals would enable a more diverse supply of housing to help people meet their economic and physical needs. Unaffordability is a significant barrier to the creation of a fairer and more equitable city. Tackling this in the manner and scale proposed will result in a less fractured housing market and enable more people to live in homes that suit their needs and aspirations.

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 This report was informed by two key source of information which involved 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.

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 and 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 an additional investment of £25,265,000 over the Delivery Plan period (2018 – 2023). 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:

			HGDT ¹ Spend £000	Estimated Income £000				
	No. of Sites	No. of homes		NHB	Council Tax	CIL	Capital Receipts	Income Total
Without Intervention	103	8494	£1,193	£30,072	£41,269	£34,793	£18,300	£124,434
With Intervention	122	10428	£26,458	£33,925	£45,977	£38,259	£31,855	£150,016
Net Additional Impact of Interventions	19	1934	£25,265	£3,853	£4,708	£3,466	£13,555	£25,582

4.2.2 Funding of up to £25M from the Growth Investment Fund has been agreed in principle by the Strategic Capital Group and in line with Council's procedures. This includes the £9M of funding for "Acquisition for Brownfield sites for Housing Development", which was approved by Cabinet in March 2018.

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

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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 use 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. This investment in the shared ownership properties will generate future capital receipts and rental income.

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, there is a need for a dedicated Housing Growth Delivery Team over the next 5 years. The structure of this team, and the posts within it, will comprise a range of specialised skill sets including affordable housing expertise, 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 which 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
- Brexit and housing market economy changes
- Private sector delivery

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 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.
- The potential impacts of Brexit and the political uncertainty in the run up to 2019 are likely to negatively impact house building activity, and make it difficult to maintain current delivery levels.
- 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 enable or accelerate approximately 2,000 new homes in the next 5 years. For example:

- The Council will build 600 more affordable new homes, through the HRA New Build Programme.
- A further 11 Council owned sites could be marketed sooner, accelerating over 400 new homes in the next 5 years and 1000 new homes across all tenures, through the Council's disposal programme over 10 years.
- Sheffield Housing Company could deliver over 350 new homes.
- 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 which 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 making it easier 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

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