

Housing and Infrastructure Board

Thursday, 08 December 2022

Brownfield Housing Fund Open Call Proposed Pipeline

Is the paper exempt from the press and public?	No
Reason why exempt:	Not applicable
Purpose of this report:	Policy Decision
Is this a Key Decision?	No
Has it been included on the Forward Plan of Key Decisions?	Not a Key Decision

Director Approving Submission of the Report:

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Executive Summary

To consider the new schemes proposed to be added onto the Brownfield Housing Fund pipeline following the Open Call, and to approve the Brownfield Housing Fund Programme Business Case being updated to include these new schemes.

What does this mean for businesses, people and places in South Yorkshire?

These proposed new schemes will deliver new housing and the regeneration and reuse of brownfield sites in support of the Strategic Economic Plan and Recovery Action Plan objectives.

Recommendations

The Board is asked to:

- Note the outcomes of the Brownfield Housing Fund Open Call and agree for the proposed new schemes set out in paragraph 2.6 be added onto the Brownfield Housing Fund Phase 3 Pipeline, noting the overprogramming approach being proposed and the risks associated with delivery of the Programme.

- Approve the Programme Business Case for the South Yorkshire Brownfield Housing Fund being updated to include the agreed new Phase 3 pipeline schemes.

Consideration by any other Board, Committee, Assurance or Advisory Panel

N/A

1. Background

- 1.1 The South Yorkshire Mayoral Combined Authority (SYMCA) has been allocated £53.3M from Government to support the development of housing schemes on brownfield land, to unlock the development of at least 3,300 new homes by the end of March 2025.
- 1.2 The strategy for developing the South Yorkshire Brownfield Housing Fund (BHF) is set out in the Programme Business Case (PBC) approved by the Housing and Infrastructure Board in June 2022.
- 1.3 The BHF Programme involves three Phases of pipeline schemes, which are set out in the existing BHF PBC. The Board has already approved funding for schemes in Phases 1 and 2 and has agreed additional schemes to be added onto the Phase 3 pipeline. Furthermore, on 25th July 2022, following the Board's recommendation, the SYMCA Board approved the proposal to undertake an Open Call to invite additional scheme proposals from private developers, housing associations and other interested parties. The PBC will be updated with the additional agreed Phase 3 Pipeline schemes, subject to the Board's approval.
- 1.4 This report provides an update to the Board on the outcomes from the Open Call and proposes a shortlist of additional schemes to add onto the BHF Phase 3 pipeline for the Board's consideration and agreement.

2. Key Issues

- 2.1 Business cases for 12 schemes, unlocking 1,505 new homes with a funding ask of £17.6M have already been given funding approval. This Board has also recently agreed a further 10 schemes be added onto the Phase 3 pipeline with a funding ask of £13.6M which will provide a further 759 new homes. There is therefore **a remaining unallocated budget of £21.7M available for new schemes to deliver at least 1,036 additional new homes to be identified through the BHF Open Call.**
- 2.2 The Open Call was held between the 5th September and 28th October 2022, and a wide ranging communication and awareness campaign was undertaken including press and social media releases and a series of in-person and online questions and answer events. Individual discussions were also undertaken with prospective applicants.
- 2.3 This campaign resulted in 39 Expressions of Interest with a total funding ask of £82m; nearly four times the available funding. The breakdown of submitted schemes per district is as follows:

Expression of Interest Submissions by Geography			
LA Totals	Value	Units	Number of Schemes
Barnsley	£11,350,000	686	3
Doncaster	£6,250,000	230	5
Rotherham	£13,606,000	863	7
Sheffield	£51,605,000	2,903	24
	£82,811,000	4,682	
		Total Schemes	39

2.4 All Expressions of Interest have been assessed based on the strategic criteria set out in the published Open Call Prospectus document including affordable housing provision; low carbon standards; whether located in a Strategic Economic Plan (SEP) Growth Area; and deliverability with *starts on site* by end March 2025.

2.5 The outcome of this process is that the submitted schemes have been set out in four categories:

- **Category 1 – Pipeline** – These are the schemes that are being recommended to the Board for immediate addition to the Phase 3 pipeline. These schemes had the strongest strategic alignment. Further detailed work is now needed to confirm the most suitable quantum and nature of financial and other support needed for delivery.

These schemes are set out below with proposed over-programming headroom of c25% of the available funding. This is because of the risks and uncertainties given the early stage of development of some of the schemes. This could lead to changes in funding requirements or schemes being withdrawn from the pipeline. The headline risks for these pipeline schemes are set out in paragraph 3.2 below. Scheme promoters will be supported to develop their schemes.

Scheme	District	Funding Ask	Housing Units	Intervention Rate
The Seam	Barnsley	2,500,000	136	£18,382
Unity Housing West	Doncaster	2,250,000	102	£22,059
Waverley Phase 2	Rotherham	1,300,000	106	£12,264
Waverley Parcel 4C+4D	Rotherham	4,576,000	286	£16,000
Olive Lane - Waverley	Rotherham	885,000	32	£27,656
Blue Mans Way	Rotherham	1,300,000	76	£17,105
Cannon Brewery Phase 1	Sheffield	6,700,000	540	£21,667
Attercliffe Bridge Phase 2	Sheffield	4,130,000	300	£13,767
Devonshire Quarter	Sheffield	635,000	48	£13,229
Hive Central	Sheffield	1,600,000	100	£16,000
Langsett Road	Sheffield	552,000	23	£24,000
St Elizabeth Close	Sheffield	345,000	15	£23,000

Scheme	District	Funding Ask	Housing Units	Intervention Rate
Sheffield Community Land Trust	Sheffield	185,000	-	-
Proposed pipeline total		£26,958,000	1,764	

2.6

- **Category 2 – Reserve Pipeline** – These schemes would help achieve the strategic ambitions of the BHF, and subject to further clarifications, some of these may contribute to the pipeline in due course. However, further exploration is required with promoters to better understand the schemes and confirm deliverability and timings. Scheme promoters will be supported as appropriate, given available resources.

These schemes are set out below:

Scheme	District	Funding Ask	Housing Units	Intervention Rate
Charnwood Street, Swinton	Rotherham	480,000	49	£9,796
Rotherham Housing Development Programme	Rotherham	4,365,000	291	£15,000
Bankwood Lane/ New Rossington	Doncaster	500,000	27	£18,519
Gateway East	Doncaster	250,000	18	£13,889
Claywood	Sheffield	1,200,000	50	£24,000
Basford Way	Sheffield	405,000	17	£23,824
Laurel Works	Sheffield	4,200,000	268	£15,672
Total		£11,400,000	720	

2.7

- **Category 3 – Future Pipeline** - There are 17 schemes considered to be higher risk particularly in terms of achieving delivery of *starts on site* by the end of March 2025. Many of the schemes lack the early stage clarity and/or have not provided sufficient information to assess the potential outputs, benefits and delivery timescales.

However, given the need to develop a longer-term housing pipeline to ensure more new homes continue to be delivered across South Yorkshire, these schemes will remain under review. Scheme sponsors will be engaged and supported as appropriate to take advantage of potential funding opportunities that may arise in the future.

This approach will ensure South Yorkshire has a readily deliverable pipeline of projects that can be drawn upon as and when further funding opportunities become available.

2.8

- **Category 4 – Non-Eligible Schemes** – There was only one scheme that was considered to be ineligible due to no housing outputs being proposed to be delivered.

2.9

All applicants will receive feedback with the focus of initial support being provided to develop the schemes in categories 1 and 2.

2.10 Appendix A sets out a summary of the full £53.3M BHF programme which, subject to the Board's approval, shows a proposed £4.9M (c10%) over programming position with the potential to unlock 4,028 new homes by the end of March 2025.

2.11 This will provide significant flexibility to ensure overall programme objectives remain achievable. Experience has consistently shown that as a programme matures, schemes change with circumstances, funding requirements evolve, and projects are even sometimes withdrawn. The Board will be kept updated and any significant programme changes will be reported for consideration.

3. Options Considered and Recommended Proposal

3.1 Option 1

To endorse the proposed new schemes being added onto the BHF Phase 3 Pipeline and approve the South Yorkshire BHF PBC being updated accordingly.

3.2 Option 1 Risks and Mitigations

There are a number of risks related to delivering the proposed new Phase 3 Pipeline schemes.

- Committing to fund schemes which may not deliver 'starts on site' by March 2025. To mitigate this risk the pipeline will be kept under continual review and schemes removed from the pipeline if it appears they cannot meet the delivery deadline. The over programming position will be helpful in this regard. DLUHC will be kept closely informed of progress so we will be best placed to negotiate any budget flexibilities that may ultimately be required.
- Timescales for scheme development not aligned with MCA funding approvals process. To mitigate this, scheme promoters will be supported to maximise efficiency and also ensure expectations are managed.

3.3 Option 2

To not endorse the proposed new schemes being added onto the BHF Phase 3 Pipeline.

3.4 Option 2 Risks and Mitigations

This option would mean that the spend, starts on site and housing unit targets will not be met with fewer new homes being developed across South Yorkshire. It would also mean that BHF allocated to the region will not be fully utilised and would be clawed-back by Government. There would also be a risk to SYMCAs reputation of not delivering a major funding programme which could affect the success of future devolution deals.

3.5 Recommended Option

Option 1

4. Consultation on Proposal

4.1 Local Authority Housing Directors helped develop the ambitions of the BHF Prospectus and have been made aware of the proposals set out in this report to ensure compliance with local policy.

5. Timetable and Accountability for Implementing this Decision

- 5.1 There is only two years and four months until the end of March 2025 BHF deadline, so it is critical that new schemes are confirmed onto the pipeline to begin joint working to develop and deliver the schemes to meet this deadline.

6. Financial and Procurement Implications and Advice

- 6.1 There is £21.7M unallocated BHF available and due to the risks set out in para 3.4 above and the limited information available for some schemes, it is considered appropriate to over-programme at this stage. Monitoring will be important to ensure that sufficient funding headroom is available for all schemes and/or alternative sources are identified.

- 6.2 Funding for the Community Land Trust project is proposed from the revolving BHF revenue fund.

7. Legal Implications and Advice

- 7.1 There are no direct implications of this report. All schemes funded from the BHF will have been approved in compliance with SYMCAs agreed processes and will have appropriate contracts agreed between SYMCA and scheme promoters.

8. Human Resources Implications and Advice

- 8.1 The SYMCA Executive will support promoters to develop the schemes expediently.

9. Equality and Diversity Implications and Advice

- 9.1 Appropriate equality and diversity considerations are considered as part of the SYMCA scheme design and development process.

10. Climate Change Implications and Advice

- 10.1 The carbon impacts of projects form part of the scheme development and scheme approval process.

11. Information and Communication Technology Implications and Advice

- 11.1 None as a direct result of this report.

12. Communications and Marketing Implications and Advice

- 12.1 There will be opportunities for publicity and marketing at both the SYMCA funding approval and scheme delivery stages.

List of Appendices Included:

- A Brownfield Housing Fund – Full Programme Overview

Background Papers

None

Appendix A

Brownfield Housing Fund – Full Programme Overview 2020-25

	District	Funding Ask	Housing Units
Phase 1 20/21			
	Rotherham	£433,950	32
	Sheffield	£3,124,051	762
		£3,558,001	794
Phase 2 21/22	Barnsley	£225,000	9
	Doncaster	£4,155,000	159
	Rotherham	-	-
	Sheffield	£9,690,155	543
		£14,070,155	711
Phase 3 – Existing Schemes 2022-25	Barnsley	£1,296,000	81
	Doncaster	-	-
	Rotherham	£1,749,000	36
	Sheffield	£10,547,000	642
		£13,592,000	759
Phase 3 – Open Call Schemes 2022-25 (proposed)	Barnsley	£2,500,000	136
	Doncaster	£2,250,000	102
	Rotherham	£8,061,000	500
	Sheffield	£14,147,000	1,026
		£26,958,000	1,764
Totals		£58,178,156	4,028
<i>BHF Total</i>		£53,300,000	
<i>Current overprogramme position</i>		<i>£4,878,156</i>	