



Name of meeting: Cabinet

Date: 14th November 2023

Title of report: Housing Growth Update: With a specific focus on Dewsbury Riverside & Fenay Lane

Purpose of report: To provide an update to Cabinet on the progress of the Housing Growth programme, with particular reference to specific sites in the Housing Delivery Plan, and to recommend delegation of powers to dispose of those sites and enter into appropriate partnerships to ensure delivery.

Key Decision - Is it likely to result in spending or saving £500k or more, or to have a significant effect on two or more electoral wards?	Yes
Key Decision - Is it in the <u>Council's Forward Plan (key decisions and private reports)?</u>	Key Decision – Yes Public report
The Decision - Is it eligible for call in by Scrutiny?	Yes
Date signed off by <u>Strategic Director</u> & name	David Shepherd – Strategic Director, Growth and Regeneration – 28/10/23
Is it also signed off by the Service Director for Finance?	Isabel Brittain
Is it also signed off by the Service Director for Legal Governance and Commissioning?	Julie Muscroft
Cabinet member <u>portfolio</u>	Cllr Graham Turner – Regeneration

Electoral wards affected: Almondbury, Dewsbury South, Mirfield

Ward Councillors consulted: Ward Councillors were consulted in 2018 prior to the original report establishing the programme of activity. This is an update report.

Public or private: Public

Has GDPR been considered? There is no personal data contained in this report.

1. Summary

This report provides an update on the Housing Growth team's programme of work with specific reference to allocated housing sites at Dewsbury Riverside and Fenay Lane. It also seeks approvals relating to funding (in the form of grant, not borrowing) to support delivery across the Housing Growth programme. Both Dewsbury Riverside and Fenay Lane will deliver market and affordable housing and form an important part of the Council's overall Housing Growth programme.

This report seeks decisions on:

- the proposed next steps for Dewsbury Riverside, relating to collaboration with other landowners, disposal of the Council's land interest and the appointment of a master developer.
- the proposed approach of disposing of Fenay Lane to a Strategic Registered Provider. This is the same method we have used in the Housing Growth Programme to secure Thirteen to deliver new homes across five sites in Kirklees.

It also sets out the requirement for funding to support site development, preparation and delivery costs relating to the Housing Growth Programme, and seeks a decision on:

- the continued use of grant (Capital Allowances) to drive forward delivery.

Overall, delivery across the Housing Growth programme is currently estimated at 2,124 units to be delivered by 2030, and we are currently on site or in contract for circa 800 homes including two Extra Care schemes providing supported housing for older people.

2. Information required to take a decision

2.1 Background

2.1.1 Dewsbury Riverside

The Dewsbury Riverside site is the largest housing allocation in the Kirklees Local Plan (Local Plan Ref: HS61). The Council owns approximately 30 hectares of the 160 hectare site, including a key access into the site and first phase of development.

Planning permission was granted at Strategic Planning Committee in November 2022 for the first phase of development at Dewsbury Riverside of up to 350 homes and supporting infrastructure on the Council's land.

To deliver a key first phase delivering the Dewsbury Riverside site, the allotments south of Ravensthorpe Road required relocation. Construction was completed in April 2023 of the 43 new allotment plots to replace the existing 25 plots, with 17 new designated parking spaces, water supply across the site, and replacement sheds and greenhouses for existing tenants.

The Housing Growth Team are working alongside Homes England, West Yorkshire Combined Authority (WYCA) and Network Rail, to explore funding and delivery partner options, along with working to maximise the sustainable transport connectivity that the new Ravensthorpe Railway Station will bring which is being built at the western end of the Dewsbury Riverside site as part of the Trans Pennine Route Upgrade (TRU).

Work is on-going with the local community and Ward Councillors to obtain their view in shaping the development on the site and realise the place making and sustainability opportunities. This builds on the innovative use of the Place Standard tool as part of the community engagement that was undertaken before the planning application on the Council's land was submitted. An Inclusive Communities Framework is being developed specifically for Dewsbury Riverside working with colleagues in the Communities Team and public engagement officers from Homes England, to embed specific place-based indicators and social value principles for the next steps in delivering Dewsbury Riverside.

To deliver the main access route into the central gateway of the Dewsbury Riverside site, the community building at 555 Lees Hall Road containing the Abu Bakr Masjid and Lees Hall Playgroup will require relocation. On 5th April 2023 a meeting was held with the Trustees of Mosque and Playgroup and senior leaders from the Council. As part of the on-going consultation with the Trustees, the commitment to working towards a like for like replacement, based on the current building was reiterated, and further engagement will continue against the timeline set out in Section 5 of this report.

As part of the partnership work to progress the Dewsbury Riverside site, detailed technical due diligence has been undertaken, involving a fresh look at the Masterplan of the whole site, informed by the recent technical work, TRU proposals, recent planning permissions, and any national planning policy changes since the adoption of the local plan. This will help steer development of the site in a comprehensive and sustainable manner.

Work is on-going, led by Homes England to engage the various landowners and stakeholders at Dewsbury Riverside. The appointment of a master developer is a traditional option to deliver housing sites of this scale, to lead on the initial planning and construction phases of necessary infrastructure, preparation of development parcels to unlock the site and negotiate with relevant house builders who want to build homes on the site. Grant funding options for the delivery of the required infrastructure are being actively considered by the Council, Homes England and WYCA. The on-going strategic partnership between the Council, Homes England, WYCA and Network Rail is key to delivering the sustainable housing aspirations for the Dewsbury Riverside site.

2.1.2 Fenay Lane

The Fenay Lane housing site is a Council owned site allocated in the Kirklees Local Plan (Local Plan Ref: HS9). In August 2018, a report was taken to Cabinet which included Fenay Lane within the Council's Housing Delivery Plan.

The site is within a strong housing market area. Over the last eighteen months, feasibility work funded by the West Yorkshire Combined Authority (WYCA) has confirmed that the site has the capacity to deliver around 160 homes.

2.1.3 Site development, preparation and delivery costs relating to the Housing Growth Programme.

Significant progress has been made in relation to the Housing Growth programme as reported to Cabinet in July 2023. Work covering various strands of activity needs to be commissioned to move projects forward into delivery phases. This is similar to the approval received at Cabinet in July 2023 to use grant (Capital Allowances) to support moving into phase 1 delivery at Bradley Park.

Work has taken place over the last three years to further develop the programme and options for delivering Housing Growth. Covid and other economic pressures have, as with all Capital projects, impacted viability of many schemes, some of which have paused, and many have increased in cost and delivery times have lengthened. We have made good progress across the programme despite the challenges however it is critical that we keep up momentum in order to meet housing need across the district, facilitate economic growth and generate council tax income.

We will continue to bid for all external funding opportunities to support this crucial work but there is also a need to access funds as appropriate either to support grant activity (none eligible costs) or where grant is not available. For example, where we need additional funding to deliver technical support and procurement activity to realise grant funded activity.

We will manage this fund very carefully and only use the resources as a last resort. We are not able to profile spend at this stage due to the complexities of the various projects in the programme and timing being difficult to predict due to factors outside of our control in relation to some aspects of the delivery. To deal with this appropriately, funding approvals for grant (Capital Allowances) will be delegated to the Service Director and overseen by the Housing Growth Board. This activity will be reported to and discussed at Housing Growth Board on a regular basis.

2.2 Funding position

Dewsbury Riverside

Significant work has taken place over the last three years to further develop the programme and options for delivering the Dewsbury Riverside site. Covid and other economic pressures have, as with all capital projects, impacted viability of many schemes, some of which have paused, and many have increased in cost and delivery times have lengthened. For Dewsbury Riverside, the capital budget agreed by Cabinet on 25 February 2020 has been scaled back and is carefully monitored. This, alongside external funding, will continue to be the most cost-effective way for the Council to move forward with the project towards housing delivery, and ensure associated economic benefits are secured.

During this period, work has continued to strengthen relationships with existing partners and create new partnerships to support positive outcomes and create capacity for delivery. This includes the successful work with WYCA and Homes England which enabled the council to secure further capacity to deliver through grant funding along with expertise to support the development of Dewsbury Riverside. The work with strategic funding partners will continue, to ensure that all opportunities for external funding are realised to bring the site forward, with minimal impacts on the Council's budget.

Fenay Lane

The technical due diligence and feasibility work recently undertaken was funded through WYCA's Housing Pipeline Revenue Funding Programme. There is no budget allocated for further work on this site, and the proposed disposal route provides the opportunity to bring in a well resourced development partner to deliver homes on the site.

Site development, preparation and delivery costs relating to the Housing Growth Programme.

We continue to bid for all external funding opportunities to support this crucial work but also need to access grant (Capital Allowances) funds as appropriate either to support grant activity (none eligible costs) or where grant is not available and funding is urgently needed to move projects to delivery. This funding is not borrowing and is already earmarked for this activity. The available grant (Capital Allowances) will need to be moved into the Capital Plan.

The work of the service is critical to the overall priorities for the Council and delivery of the updated Medium Term Financial Plan. One of the key ways the council will manage its finances going forward is by growing the Kirklees economy. That means delivering new housing and making sure its infrastructure attracts further investment and working with partners in sectors to make the most of the boroughs economic potential.

2.3 Strategic Partnerships

The West Yorkshire Strategic Place Partnership was launched in May 2023. The Strategic Place Partnership sets out the framework for Homes England, West Yorkshire Combined Authority and the five West Yorkshire Local Authorities to work together to transform the region's housing offer and commit to the development of well-connected places with good quality homes where people choose to live and work. Dewsbury Riverside is a key strategic site within the Strategic Place Partnership pipeline, and work will continue to realise the benefits of the Partnership, in terms of capacity, funding and expertise in ensuring housing delivery in Kirklees.

2.4 Dewsbury Riverside Proposed Next Steps

The proposed next steps for Dewsbury Riverside, being led by the strategic delivery partnership of the Council, Homes England and WYCA are to apply the Inclusive Communities principles in finalising a revised Masterplan for the site, in collaboration with relevant landowners and delivery partners. This includes the intention to sign a Memorandum of Understanding (MoU) between the Council, Homes England and Network Rail to jointly undertake further detailed masterplanning for the western gateway of the site to realise maximum benefits of the TRU and Dewsbury Riverside projects. The established route of delivering strategic urban extensions of the scale of Dewsbury Riverside is to appoint a Master developer to lead on landowner collaboration, infrastructure delivery and site preparation, to ensure a sustainable and coherent approach to delivering the whole site. This is also an established route to obtaining grant support from Homes England, and equalising the cumulative infrastructure costs of the whole site across all land owners in a fair and proportionate manner.

2.5 Fenay Lane Proposed Disposal Route

It is proposed that Fenay Lane will be sold to a Registered Provider of affordable housing (a Housing Association) that is a Strategic Partner of Homes England. Strategic Registered

Providers exist to provide and manage affordable housing with the support of significant allocations of Homes England grant. They bring resources and expertise to support the Council in delivering its housing growth ambition. Such partnerships, led by the Housing Growth team, already exist and are working effectively to deliver affordable and low carbon homes on five sites across the district as part of the Registered Providers programme. An update on this programme was provided as part of the Cabinet report on 27th June 2023.

The proposed approach at Fenay Lane is to conduct a competitive land sale exercise in a similar way to the approach taken with the Registered Providers programme. The focus will be on the delivery of both market and affordable homes on the site, with an emphasis on providing affordable homes significantly above the planning policy requirement of 20%. However, given it is a large site, to provide a balanced and sustainable new community, market housing also needs to be included. The evaluation criteria for submissions will also place an emphasis on the provision of low carbon homes. As set out above, only Strategic Registered Provider Partners of Homes England will be able to express their interest in the opportunity, although given the requirement for market housing, they may choose to work with another developer or partner. The contract for the land sale will be with the Strategic Registered Provider.

Taking this approach to delivering a high number of affordable homes on the site, alongside high energy efficiency standards will result in the Strategic Registered Provider, when appointed, making less profit from the sites than a volume housebuilder would make, as a volume housebuilder would provide 20% affordable housing in line with the Local Plan policy and would take a more standard approach to energy efficiency. It will not therefore, be viable for the appointed partner to buy the site at the value which a volume housebuilder would pay.

The General Disposal Content (England) 2003 allows the Council to dispose of land at an undervalue not exceeding £2 million where the disposal will help secure the promotion or improvement of the economic, social or environmental well-being of an area. The provision of energy efficient, market and affordable housing is considered to fall within this definition.

To enable the scheme to come forward, it is likely that the Council will be required to dispose of the site at 'less than best consideration'. The approach that is proposed for Fenay Lane is that any discount given will relate to provision of affordable housing over and above the planning policy requirement (i.e. 20%). No discount will be given on homes which are sold at market value.

The proposed approach is that the appointed Strategic Registered Provider will supply to the Council a site cost analysis and this information will be assessed by officers to identify any shortfall in funding for the site and determine the amount by which, if any, the best consideration price would be reduced. Should the actual build costs be less than those shown in the site cost analysis the Council will be able to seek repayment of the difference from the successful Partner. This will ensure that the Council is not giving financial assistance over and above what is necessary to make the schemes happen. This approach is consistent with that approved for the Registered Providers programme.

3. Implications for the Council

3.1 Working with People

An Inclusive Communities Framework is being developed specifically for Dewsbury Riverside working with colleagues in the Communities Team and public engagement officers from Homes

England to embed specific place-based indicators and social value principles for the next steps in delivering Dewsbury Riverside.

Development at Dewsbury Riverside and Fenay Lane will bring much needed affordable housing to the district across a range of affordable tenures, including affordable rent and shared ownership. There is a need for 1,730 new homes per year in Kirklees, of which 1,049 need to be affordable. These projects will provide affordable housing that contributes towards meeting the needs of local people.

In addition, as part of the construction process, the benefits of the local supply chain and opportunities for apprenticeships and training is maximised at every opportunity.

3.2 Working with Partners

As set out in section 2.2 above, Dewsbury Riverside is being delivered through a strategic partnership approach that brings in knowledge and resources from Homes England, the West Yorkshire Combined Authority and Network Rail. The ultimate involvement of a master developer will add private sector resources to this existing partnership.

For Fenay Lane, as set out in 2.5, working with a Strategic Registered Provider partner of Homes England will bring in both financial resources to support delivery of affordable housing, and additional knowledge and capacity in housing delivery. This approach is already working well on the Registered Providers programme where the Council is partnering with Thirteen Group.

3.3 Place Based Working

For Dewsbury Riverside an Inclusive Communities Framework is being developed, with support from Homes England, building on the Place Standard tool which has supported the work to progress the first phase on Dewsbury Riverside, and will set out the specific place-based indicators and social value principles for the next steps in delivering Dewsbury Riverside.

3.4 Climate Change and Air Quality

Taking into account the Climate Emergency resolution, at Dewsbury Riverside we are exploring all opportunities to encourage a sustainable new community incorporating active travel principles and connectivity to the new railway station, smart place principles, the possibility of district heating, and on-site community infrastructure to create sustainable communities.

At Fenay Lane, energy efficient building methods, which support the delivery of low carbon housing will be explored and incentivised through the evaluation process. Existing partnerships with Strategic Registered Providers has demonstrated their ability to plan for low carbon affordable housing schemes.

3.5 Improving outcomes for children

Well designed, energy efficient housing built to nationally described space standards, and with (where applicable to the site) provision of open space on site helps provide children with the best start in life.

At Dewsbury Riverside, as the project progresses through to later phases, new early years and school provision will be delivered on site along with accessible open space and play provision as part of the new community.

3.6 Financial Implications for the people living or working in Kirklees

There are no financial impacts on wider residents of Kirklees. The focus is to bring forward sites in the Housing Delivery Plan that deliver sustainable new places with well designed energy efficient homes. This will result in well-connected sustainable places, with cost effective active travel and public transport connections along with savings on energy costs for tenants and residents living in the new homes when compared to other, less energy efficient properties.

3.7 Other (eg Integrated Impact Assessment (IIA)/Legal/Financial or Human Resources) Consultees and their opinions

3.7.1 Dewsbury Riverside

An Integrated Impact Assessment (IIA) has been carried out for Dewsbury Riverside along with the wider Housing Growth Plan inclusive of Fenay Lane. The Integrated Impact Assessment indicates that there will be a neutral impact on communities including people identified as having a protected characteristic under the Equality Act 2010 and satisfies the public sector equality duty imposed on the Council. The IIA also sets out that there will be a neutral impact on the environment.

3.7.2 Fenay Lane

An Integrated Impact Assessment (IIA) has been carried out for Fenay Lane. As with Dewsbury Riverside, the Integrated Impact Assessment indicates that there will be a neutral impact on communities including people identified as having a protected characteristic under the Equality Act 2010 and satisfies the public sector equality duty imposed on the Council. The IIA also sets out that there will be a neutral impact on the environment.

3.7.3 Subsidy Control

Disposal of land at less than best consideration involves the conferring of an economic advantage on the appointed partner, because the land has an open market value but will be transferred to the successful partner at less than this value due to the reasons set out in 2.5 above.

From 31st December 2020, the then existing State Aid law, as it applied to the UK, was repealed and replaced by Subsidy Control, the requirements of which are set out in the UK-EU Trade and Cooperation Agreement and detailed in the Subsidy Control Act 2022. Under State Aid law, aid provided to support certain types of public services are deemed to be “Services in the General Economic Interest” and therefore subject to a far less restrictive regime. The same is true under the new regime of Subsidy Control.

As part of the process of agreeing legal contracts, arrangements will be put in place with the appointed partner to ensure compliance with the Subsidy Control regime, and to ensure repayment of subsidy in the case of any over compensation.

3.7.4 Disposal of Open Space

There is a requirement under Section 123 (2A) of the 1972 Local Government Act that local authorities wishing to dispose of any land consisting of or forming part of an open space to advertise their intention to do so for two consecutive weeks in a local newspaper. This process is underway for the Fenay Lane site.

4 Consultation and Engagement

Engagement with ward members takes place on a site by site basis, as proposals for each site progress. For example, local ward members are informed when survey work takes place on site, and at key points during the development process e.g. when planning applications are made or when there is a start on site.

Portfolio holders are informed of progress on the overall Housing Growth programme via their regular briefing sessions, and specific, strategic issues and decisions in relation to each site are taken to them for a decision.

5 Next steps and timelines

Dewsbury Riverside

The proposed next steps in relation Dewsbury Riverside are as follows:

Community and stakeholder engagement and masterplan refresh	Nov 2023 - Jul 2024
Secure relevant land owner and development partner agreements	Nov 2023 – Sept 2024
Progress funding business cases with Homes England and WYCA	Nov 2023 – Sept 2024
Development and funding agreements secured	Oct 2024
Detailed planning and development phases	Nov 2024

Fenay Lane

The proposed next steps in relation to Fenay Lane are as follows:

Soft market testing	Oct/Nov 2023
Prepare land sale pack	By end Nov 2023
Cabinet report	14 Nov 2023
Finalise land sale pack and supporting documents	Dec 2023
Land sale “Tender” period	Jan/Feb 2024
Period for clarifying interviews	Feb/March 2024
Evaluation	March/April 2024
Appointment of preferred partner	April/May 2024

6 Officer recommendations

6.1 Dewsbury Riverside

Recommendations:

- i. Delegate to the Service Director – Skills & Regeneration, in consultation with the relevant portfolio holder, the Service Director - Finance and the Service Director – Legal, Governance and Commissioning, power to enter into appropriate legal agreements, including an MoU with Homes England and Network Rail, and undertake the appropriate procurement route required for the appointment of a master developer to deliver the Dewsbury Riverside site, including relevant agreements with other land owners and interested parties.
- ii. Delegate to the Service Director – Skills & Regeneration, in consultation with relevant portfolio holder, the Service Director - Finance and the Service Director – Legal, Governance and Commissioning, power to dispose of the Council’s land as required to facilitate the delivery of the Dewsbury Riverside site (Local Plan Ref: HS61).
- iii. Delegate to the Service Director – Legal, Governance and Commissioning power to enter into all agreements necessary to effect any of those disposals referred to at (i & ii)

6.2 Fenay Lane

Recommendations:

- i. Cabinet approve the disposal of the Fenay Lane site
- ii. Cabinet give their approval to dispose of the site at ‘less than best consideration’ to the preferred partner when appointed in accordance with the General Disposal Consent (England) 2003.
- iii. Cabinet delegate authority to the Strategic Director, Growth and Regeneration to: negotiate and agree the terms of disposal for the site with the preferred partner; and determine the appropriate level of discount for the site following a comprehensive assessment of the appointed partner’s development appraisal reflecting the housing mix which receives planning consent.
- iv. That authority be delegated to the Service Director, Legal, Governance and Commissioning to enter into and execute any agreement and other ancillary documents necessary to dispose of the site to the preferred partner for use as affordable and market housing dependent on the final housing mix.

The reason for these recommendations is that, as set out in the report, the site will contribute to the delivery of the Council’s housing strategy. It will also contribute to the Green Agenda.

6.3 Site development, preparation and delivery

Recommendations:

- I. Add grant (Capital Allowances) into the Capital Plan to support the delivery of the Housing Growth Programme
- II. Approve Capital funding from grant (Capital Allowances) up to the maximum available for this activity which is £1.014M in total for Housing Growth site development, preparation and delivery costs to support progress of sites in the Housing Growth Programme. This is not borrowing. The capital funding will be drawn down in to the capital plan as each element of expenditure is required and when expenditure is approved by the chair of Housing Growth Board.

7 Cabinet Portfolio Holder's recommendations

Cllr Graham Turner fully supports the recommendations in this report in relation to both sites.

As a major site for meeting our future housing needs it's important that we continue the progress on Dewsbury Riverside, and that given the complexities of the site it is vital that a project of this size has a master developer, and this report gives the relevant directors and portfolio holders the permission to progress negotiations with potential developers.

The Fenay Lane site whilst not a large site is in an excellent position to deliver more much needed housing.

We need to find a partner to deliver those houses, and by working with the right partner we will be able to deliver much needed affordable homes and some for social rent.

8 Contact officer

Adele Buckley
Head of Housing Growth and Regeneration
adele.buckley@kirklees.gov.uk

9 Background Papers and History of Decisions

Cabinet Report – Housing Delivery Plan. Approved 29th August 2018
<https://democracy.kirklees.gov.uk/documents/g5703/Public%20reports%20pack%2029th-Aug-2018%2016.00%20Cabinet.pdf?T=10>

Cabinet Report – Dewsbury Riverside Masterplan. Approved 19th March 2019

<https://democracy.kirklees.gov.uk/documents/g5613/Public%20reports%20pack%2019th-Mar-2019%2016.00%20Cabinet.pdf?T=10>

Cabinet Report – Housing Delivery Plan Update. Approved 20th January 2020

<https://democracy.kirklees.gov.uk/documents/g6297/Public%20reports%20pack%2020th-Jan-2020%2010.00%20Cabinet.pdf?T=10>

Dewsbury Riverside Development Strategy. Approved 25th February 2020

[Agenda for Cabinet on Tuesday 25th February 2020, 4.00 pm | Kirklees Council](#)

Cabinet Report – Housing Delivery Plan Update. Approved 27th June 2023

[Agenda for Cabinet on Tuesday 27th June 2023, 2.00 pm | Kirklees Council](#)

10 Service Director responsible

Edward Highfield
Service Director: Skills & Regeneration
Edward.highfield@kirklees.gov.uk