

**Sheffield  
City Region**

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# **MORE NEW HOMES**

in the Sheffield City Region



A bid to the Homes and Communities Agency  
Shared Ownership & Affordable Homes Programme 2016-21  
from Sheffield City Region's Housing Executive Board.

September 2016

## More new homes in Sheffield City Region – a partnership proposal from the region’s housing providers

### We choose housing

Our ambition is to double, or even treble, the number of new and affordable homes built each year in Sheffield City Region (SCR). This matches the broader ambition of the City Region to double or treble its annual rate of new homes to respond to its ambitious economic plan.

We will achieve this by:

- Energising the commitment and resources of nine local authorities, four of whom deliver their homes through ALMOs;
- Co-ordinating the collective strength of 35 housing associations that have a presence in the City Region;
- Forging new partnerships with housing developers, investors and other housing providers;
- Channelling the sector’s strengths to increase the numbers and range of tenures in those areas identified for growth in the SCR Integrated Infrastructure Plan. 15,000 affordable homes could be possible, including Starter Homes, in the areas SCR has identified for strategic growth, given a commitment to use public land effectively and to a broad range of tenures;
- Responding to, and meeting, government targets in the City Region for Shared Ownership, Rent to Buy and Starter Homes through co-design with the Homes and Communities Agency (HCA), while promoting other affordable products to maximise growth;
- **Targeting the delivery of at least 1,560 new and affordable homes each year and at least a doubling of the current rate of delivery;**
- **Securing a ring-fenced or devolved fund of £23m per annum, to be co-ordinated through the SCR Housing Executive Board, to underpin delivery of those homes that are neither market nor s106.**

The SCR Housing Compact will work over and above the individual bids that will come in to the HCA, either in the September 2016 bidding round or through later continuous market engagement, to drive innovation in delivering new supply.

This bid sets out what will happen as a result of the current activity; how much more is possible given increased flexibility and, subject to financial capacity of the providers, how even more could be achieved with ring-fenced or devolved funds.

This Bid has been signed off at a meeting of the Sheffield City Region’s Housing Executive Board on 24 August. All local authorities and Board members present supported the principle of submitting a bid and working together to increase the contribution that sub-market housing can make to increasing new housing supply.

The Bid is the first output from the partnership that local providers have formed under the SCR Housing Compact. This is an agreement to ensure local authorities, housing associations, the HCA and the LEP work together to deliver the housing strand of the SCR's Strategic Economic Plan and that the housing needs of vulnerable people continue to be met.

The final draft of the Bid has been circulated to the 12 Housing Associations actively developing new homes and the local authorities that make up the SCR. All have been consulted as the bid has been worked up. Housing organisations are now being asked to sign up to co-operating with the Combined Authority and the HCA as the details of the bid (and the new working arrangements it will entail) are worked through. We expect this sign up to be completed within the next two weeks.

A handwritten signature in blue ink, appearing to read 'Simon Greaves', with a long horizontal flourish extending to the right.

Councillor Simon Greaves, Chair SCR Housing Executive Board

## Introduction

### 1 SCR Housing Compact

More than one fifth of all homes in the SCR are owned or managed by partners in the Housing Compact (Housing Associations, ALMOs and Local Authorities – see list at Appendix 1). The Compact is in its infancy – we hope to have all partners as signatories by the time it is launched in December 2016 – but a core group is working hard and with some urgency to make an impact. This bid is one of the first pieces of work to be delivered by the Compact.

The Compact partners are uniquely placed to deliver new housing supply: they can deliver on all tenures, market and sub-market, and have access to significant land assets and financial capacity. We believe that the partners in the Compact, working collectively, strategically and in partnership with the private sector, can significantly increase the number of new homes built in the next five years.

### **Sheffield City Region Social & Affordable Housing Compact , 2016-18**

#### **Our Commitment**

Local authorities, arm's length management organisations (ALMOs) and housing associations can have different roles and different goals in respect of social and organisation experience and respond to the challenges and opportunities faces by the housing sector at present.

However, we all want to deliver excellent services to our customers, and we are all focused on meeting the housing needs and aspirations of people living and working in the region.

Local authorities, ALMOs and housing associations across the Sheffield City Region are committed to working collaboratively to ensure we can continue to deliver high quality homes that are affordable to all, including the most vulnerable in society, and that these homes are located in balanced, sustainable communities.

The Compact demonstrates our collective commitment to the core values of fairness, openness and transparency; we will strive to develop a cohesive and influential voice at both a regional and national level on all matters associated with social and affordable housing. Also we aim to take forward a strong agenda for low cost home ownership and help the City Region meet its targets for new housing supply.

Collectively, local authorities, ALMO and housing associations own and manage more than one fifth of all homes in the Sheffield City Region. The impact we can have on people's lives and the economic wellbeing of the area is huge, and the Compact represents a major step forward towards co-ordinating our approach.

## **2 Background**

In 2015/16, 3,400 new homes were built in the SCR. The Growth Plan estimates that 7-10,000 new homes are needed each year to support economic growth. The Region needs to double or treble its efforts to achieve this target.

The Government's target for the UK is to build 1m new homes by 2020 and, to respond to this commitment, £4.7bn of new funding was allocated in the Spending Review to support new housing supply for the period 2016-21. The new Prime Minister has since reaffirmed her commitment to increasing new housing supply. This presents a challenge both nationally and in Sheffield City Region: in 2015/16 the UK built 140,000 new homes against a target of 200,000.

Home ownership has fallen to an all-time low: 61% of people own their own home, though 86% aspire to do so. Not surprisingly the new funding focuses on increasing home ownership. However affordability and availability of mortgages remain a constraint on home ownership even in areas like SCR where the affordability index is 1:4. Savills estimated in November 2015 that 70,000 new homes for affordable rent are also needed annually to house those who simply won't be able to buy. Homelessness in all its forms has been increasing steadily over the last 5 years and new housing models are needed to ease the pressures on the health and care system.

## **3 Our target for housing growth in the SCR**

Of the 3,400 new homes built in SCR last year 600 (18%) were classed as affordable. Nationally, Savills estimates that affordable housing (funded through the HCA and s106) accounted for 40% of all new homes (split roughly 50:50 between HCA grant-funded and s106 homes). To reach a target of 40% of all new homes being affordable, the sector would have to more than double its output to 1360 homes per annum.

Data gathered by the National Federation of Housing for 2015/16 indicates that the sector in SCR also developed 100 new homes for market sale. If the quantum of market housing delivered by the sector can also increase then we could make an even bigger impact on overall supply.

The proposal is to set a minimum target for the sector of:

- 1360 new affordable homes per annum – at least a doubling of last year's performance
- 200 new homes for market sale/rent per annum – doubling of last year's performance
- Total of 1,560 homes per annum, an increase of 250% on last year's figure.

This total equates to up to 22% of the 7-10,000 target.

The rest of this paper demonstrates what numbers we believe the Compact could deliver towards this target, how we can innovate to achieve this and what support we need from government to do so.

## New and affordable homes – what numbers could we deliver?

### 4 Shared Ownership and Affordable Housing Programme

HCA is currently running a £4.7bn capital bidding round which closes on 2 September 2016. The funding prospectus focuses heavily on affordable home ownership: 88% of the grant is earmarked to support Shared Ownership with 7% for Rent to Buy and 5% for Specialised Housing. For the first time since 1974 no grant is being offered for affordable rented housing. This is a substantial fund and one which could support significant housing growth in SCR: we wish to make the most of the opportunity.

### 5 Recent bidding in the Region

In recent years, the amount of HCA grant awarded to affordable homes in the SCR has decreased. The table shows the allocation across the regions within the HCA's North East Yorkshire & Humber operating area for the 2015-18 programme.

Final Allocation by LEP Area - 2015-2018	Total funding Allocated	AR units	AHO SO units	Total Nil grant units	Total Units
North Yorkshire	12,077,994	423	42	25	490
West Yorkshire	57,383,739	2189	85	8	2282
South Yorkshire	23,165,375	934	35	48	1017
Northern HMA	6,930,276	255	10	0	265
The Humber	28,884,700	1,118	29	109	1256
North East LEP	52,492,319	2,196	121	115	2432
Tees Valley LEP	24,157,160	1,013	34	47	1094
<b>Programme total</b>	<b>205,091,563</b>	<b>8,128</b>	<b>356</b>	<b>352</b>	<b>8836</b>

Within these figures, SCR secured just 14.5% of the allocation for the HCA's operating area and only 3.4% of the national allocation. At 1,282 homes over 3 years (average 427 per annum) the Region performed worse than the Humber (traditionally a much lower bidder) and secured only slightly more than half the allocation awarded to West Yorkshire.

The figures reflect the challenges of delivering new affordable schemes in the Region: housing providers typically build on sites where values are low and costs are high. Virtually all new schemes in the Region make losses. This means some of the larger national providers tend to look increasingly to other less challenging housing markets; at the same time local providers have scaled down delivery.

The SCR Housing Compact seeks to recognise yet respond to this challenge.

Whilst there is experience of Shared Ownership within the Region, there has been more success through s106 schemes where the combination of the discount and generally higher values makes the product economically viable. During 2015/16, only 23 shared ownership homes were built by housing providers in SCR and the NAHP 2015-18 allocated grant to only 45 shared ownership homes in total.

Shared ownership remains a niche product in the Region: market analysis shows that there are only certain geographies where it can compete effectively with other affordable home ownership products like Help to Buy. It therefore brings considerable sales risk: in order to take that risk, providers need to be very confident that homes will sell or know there is an exit strategy for those that won't.

## 6 The current bidding round

We have collated information from Registered and Approved providers to get a sense of the level of bidding that is likely from the Region for the 2016-21 programme. We have information from all but one provider, although HCA will be able to confirm figures in early September 2016 based on actual submissions.

Prospectus as drafted	Anticipated bid (unit numbers)	Anticipated bid (unit numbers)	Anticipated bid (unit numbers)	Total
	Registered Providers	Local Authorities	Developers	
Shared Ownership	392	345	700	1437
Rent to Buy	235	199	100	534
Specialised Housing	0	0	0	0
<b>TOTALS</b>	<b>627</b>	<b>544</b>	<b>800</b>	<b>1971</b>

Over the 5 years of the programme, if the actual bids reflect the market intelligence, this generates an estimated total of 1,971 homes or only 394 per annum.

It should be noted that the developer units may well be double counting as they expect housing providers to buy the units from them (their model does not assume they hold equity in Shared Ownership or Rent to Buy). If these are taken out of the picture then the total figure is 1,171 homes or 234 per annum.

A detailed understanding of the financial capacity of housing providers would indicate whether the developer numbers could also be delivered. This exercise has yet to be undertaken.

Neither total exceeds the average annual output in the last programme of 427 homes per annum, but this should not be a surprise as the product range is narrower and focused on affordable home ownership which, as outlined above, carries risk in the SCR market. The market intelligence figures do however show a massive increase in appetite for Shared Ownership and interest in the new Rent to Buy product. The split across the three products in the prospectus, based upon the review, is as follows:

- 73% Shared Ownership (national target 88%)
- 27% Rent to Buy (national target 7%)
- 0% Specialised Housing (national target 5%)

The absence of bids for Specialised Housing can be explained by the decision awaited on the Local Housing Allowance (LHA) cap for supported housing.

## 7 Increased flexibility

We asked the same providers what numbers they would bid for if they were given flexibility on:

- The exit strategy on affordable home ownership products including, for example use of Recycled Capital Grant Funding (RCGF);
- The Shared Ownership model for older people, for example being able to offer a lesser share or options over charging rent on the retained equity; and
- Tenure options to include affordable and social rent.

The results are shown in the table below.

Prospectus with flexibility	Anticipated Bid (unit numbers)	Anticipated Bid (unit numbers)	Anticipated Bid (unit numbers)	Total
	Registered Providers	Local Authorities	Developers	
Shared Ownership	520	345	700	1565
Rent to Buy	280	199	100	579
Supported Housing	40	0	0	40
Affordable/social rent (if included as an option)	149	174	0	323
<b>TOTALS</b>	<b>989</b>	<b>718</b>	<b>800</b>	<b>2507</b>



This shows an increase to 2,507 homes in total (501 per annum). Again the developer numbers may constitute double counting. Excluding these, the totals would be 1,707 homes or 341 per annum.

The increase comprises:

- 128 Shared Ownership
- 45 Rent to Buy
- 40 Specialised
- 323 Affordable/Social rent
- 536 total or an uplift of 27%

We would also anticipate further numbers for Specialised Housing were the LHA cap issue to be resolved effectively.

So, with the right flexibilities, the sector would be anticipated to deliver 340-500 new affordable homes per annum through the new HCA programme towards our annual target of 1360 (25-36%).

This is a helpful starting point but much more will be needed as set out in the following sections.

## **8 The collective strength of the Housing Compact**

Beyond a baseline of 340 to 500 homes within the HCA programmes, the Compact seeks a commitment from partners to deliver more new and affordable homes.

The main strands of activity each year are:

- Maximising Housing Association business plans -165 homes;
- Maximising affordable homes in planning gain, in parallel with Starter Homes and underpinned by further HCA investment – 500 to 660 homes;
- Harnessing the strength of the investor market – 145 homes;
- Direct delivery of market rent and market sale – 35 homes

The key mechanism for unlocking greater numbers will be the use of public sector land and resources in areas targeted for strategic growth.

**This gives a range of 1185 to 1505 homes in total, or up to 96% of the target of 1,560 homes.**

## **9 Housing Association business plans**

Information on Housing Association business plans, returned by the providers who supplied details of their anticipated bids, suggests that a further 90 homes for social rent and 736 homes for Affordable Rent are planned for the 2016-21 period. These are likely to be a combination of existing NAHP schemes, s106 acquisitions and planned replacements under the Voluntary Right to Buy (VRTB) programme.

Again these figures are incomplete: not all providers will have included VRTB replacements within their business plans as the scheme details are yet to be announced. But the figures give an indication of capacity for a further 826 new homes over the period, a contribution of 165 new affordable homes per annum towards our target.

VRTB replacements, depending on take-up of the scheme in the SCR, could add considerably to this figure as Housing Associations will have receipts from disposals. Through the Compact we plan to work strategically with our partners to replace homes in areas that will support the SCR Growth Plan and with tenures that will meet housing need. S106 acquisitions are the most viable form of replacing homes sold through VRTB in the SCR where average house values are well below the cost of a new build house. Maximising s106 opportunities will be key to securing 1 for 1 replacements in the Region as will flexibility on use of Recycled Capital Grant Funding (RCGF) arising from VRTB sales.

In addition, continuing an Empty Homes programme will bring local homes back into use. Local Authorities are also making best use of their existing stock to accommodate new households. Whilst these numbers do not add to the supply of new build homes, they do generate existing capacity within the sector.

## **10 Planning gain**

Nationally, approximately half of the new affordable homes are delivered through s106 agreements (working on an average 20% Affordable Housing contribution).

The SCR's Housing Sites data base, collated from information received from each of the 9 local authorities, suggests that there is now a 10 -year supply of 217 sites capable of delivering circa 59,000 new homes by 2025. This falls short of the overall target of 7-10,000 homes per annum but it is understood that the data excludes small sites, windfalls and any exploration of whether brownfield industrial land may be considered for housing in some areas of change. Nonetheless, if we could assume 20% s106 homes overall across these sites this could deliver a further, say, 1,200 new homes per annum.

In reality, not all sites will be capable of delivering 20% affordable housing, partly because of viability (depending on each Local Authority's policy position) and partly because of size; and not all will come forward within the 5 year timescale. But if we could match or exceed the figures from the larger HCA programme (i.e. with numbers increased through flexibilities) and existing Housing Association Business Plans (a combined total of 500-660 new homes per annum) then we would be within reach of our overall target.

The Government's commitment to Starter Homes as an affordable home ownership component of s106 agreements could limit the Compact providers' ability to boost numbers through this mechanism. It would be helpful to have a consistent view from local authorities as to whether they see Starter Homes as part of s106 affordable homes provision or not. While the Compact will seek to respond to the challenge of maximising Shared Ownership units, in some strategic sites a combination of Shared Ownership,

Starter Homes and other affordable options could complement each other if the real aim is to provide a broad range of different affordable products without being prescriptive as to the makeup.

## **11. Partnerships with investors**

It is understood that, to achieve an annual increase of 7–10,000 homes, the Combined Authority has a separate strand of activity looking at innovative means of funding growth including a harnessing of the investor market.

This opportunity is already being explored by registered housing providers in dialogue with housing developers and funds such as Cheyne and Sigma.

As one example, South Yorkshire Housing Association (SYHA) and Cheyne have been working together over the last year to explore opportunities. Cheyne Capital Management is a social property impact fund whose purpose is to develop affordable housing to benefit a range of groups who cannot access housing in the market. The fund has capacity of some £900m and requires Cheyne to enter a lease with a Registered Provider. Thus the Compact partners are essential to bringing these homes to the SCR.

For SYHA, a partnership with Cheyne offers the chance to develop new homes off-balance sheet, to grow its offer in the private rented sector, to manage homes that will be affordable in perpetuity and to generate profit to reinvest in its own housebuilding programme.

Their first site SYHA is at Kelham Island, Sheffield where Cheyne will develop 219 flats to rent of which 35 % (77 flats) will be for sub-market rent. SYHA's Development Plan assumes that this partnership will develop a further 500 homes together over the next five years. The proportion of sub-market rented flats at Kelham Island is driven by the financial model. However Cheyne estimates that if the local authority was a co-lessee, then the proportion could increase to 65%.

The partners are already talking to Sheffield, Chesterfield and Barnsley and will be looking for developments across the SCR and similar discussions are understood to be underway between investors and housing developers, including market rent in lower density housing areas.

This partnership could deliver 145 new homes per annum of which, depending on the proportion of sub-market housing that can be achieved (35% or 65%) 50-90 homes per annum would be sub-market. Partnerships with other providers could obviously increase this figure significantly.

## **12 Direct delivery of market rent and market sale**

Housing providers are also moving into the development of market rent schemes themselves. The Business Plan information submitted indicates small numbers (50 in total) over the five years or 10 new market rent homes per annum. These numbers may grow if the model proves successful.

The Business Plan information submitted by Registered Providers also indicates some appetite for outright sale, though numbers are modest at 128 homes over the five years or, currently, 26 new market sale homes per annum.

New partnerships and models will be needed to enable greater numbers.

## **How can we innovate even further to accelerate delivery of new homes?**

### **13. Use public land to unlock delivery in difficult markets**

The SCR Joint Assets Board is charged with achieving efficiencies in the One Public Estate agenda, which could include the rationalisation and release of public buildings and land, but also mapping available sites for growth, including land owned by the public sector, government departments, NHS estates and the universities. The mapping creates the potential for the strategic use of this land resource to support particular areas of growth, both as individual opportunities, but also potential portfolios of land.

As one example of how this could increase the supply of affordable homes, Sheffield Local Housing Company was set up as a public/private partnership between Sheffield City Council and Keepmoat/Great Places Housing Association to develop out a pipeline of local authority owned land. Formed in July 2011, the Company has been established to bring a high quality housing offer to Sheffield, focusing its efforts on neighbourhoods where choice is limited and where adding value can have a major regeneration impact. As well as building to very high space and quality standards the Company is also focused on a number of other key outcomes including jobs, training opportunities and community activity.

Phase 1 of the Company's work saw the development of 293 new homes and with the Phase 2 business case approved work is now well underway to develop another 530 new homes. The programme overall combines Council land, private sector finance, design, construction and marketing skills and housing association support for affordable elements to create high quality development solutions in a regeneration context.

The key has been the Council's willingness to take a deferred land value in order to secure early development on sites that would otherwise not be viable. This is an excellent precedent within the SCR of public land being used to unlock unviable sites. Elsewhere in Rotherham, a portfolio of former council premises is being used to underpin a bid for Starter Homes funding.

Vehicles like the Sheffield Local Housing Company would provide Registered Providers with opportunities to deliver new affordable homes on sites that would not otherwise be viable and where mixed tenure is needed to change housing markets.

#### 14. Work collectively on large sites

Within the SCR growth strategy, there is a group of large sites and targeted areas, where delivery is either underway, or could be unlocked in the next five years. Most have significant areas in public ownership, or require other forms of public sector support, including potential infrastructure grants, loans or equity that create leverage. These sites matter because their size means that:

- Developers can open up a wider range of tenure types and market sectors on a number of non-competing fronts;
- The broad range of tenures means a range of delivery partners can be accommodated to spread the effort (and risk); and
- Investment in infrastructure could potentially accelerate delivery.

Taken together, it is estimated that output per annum on each individual site could double or even treble. The scale of the opportunity is set out below:

Site	Total number of homes to come	Targeted Number of affordable homes 40%
<b>Strategic sites</b>		
Doncaster Airport Corridor	1800	
Carr Lodge	1200	
The Avenue	1100	
Bassingthorpe	2400	
Barnsley Jctn 36	600	
DN7	3100	
Dearne Valley	2000	
Shirebrook	1100	
Staveley to Bolsover	2200	
Waverley	3000	
<b>Housing Zones</b>		
Sites TBC	11300	
<b>Garden Villages</b>		
Sites TBC	7800	
<b>Total</b>	<b>37500</b>	<b>15000</b>

In each of these areas of targeted growth, a commitment by the relevant local authority and coalition of delivery partners could achieve significant acceleration of new homes across tenures. This could require investment in infrastructure, including from SCRIF, and a policy commitment from Local Authorities to secure a broad range of affordable homes, from 20 - 40%, including Starter Homes. Unlocking these sites and providing for flexible tenure and a range of exit options would allow the Compact partners to maximise HCA grant-funded programmes.

As one example, HCA is exploring the ability to bring forward 1,000 homes at Carr Lodge on a Maximised Tenure Model. This seeks to provide secondary infrastructure to open up additional areas of the site for complementary tenure types and price ranges. While the existing phase has three active developers, with product differentiation, supported by one registered provider, the new approach would seek a partnership which could deliver up to ten tenure types to at least double annual delivery numbers. HCA is developing its business case to stretch the boundaries of delivery, including a commitment to double annual delivery numbers, underpinned by deferred land purchase or other risk sharing mechanisms.

#### **15. Develop a strategic partnership with health and social care**

The development of the right sort of housing in the right locations will take pressure off the health and social care system. Affordable housing providers have shown that they are able to bring significant savings to the system through using their own assets as well as those in NHS ownership.

SYHA, working with Sheffield Health & Social Care Trust, has brought people with acute mental health problems back from high cost out of city placements to their own tenancy in Sheffield, close to family and friends. This has resulted in a massive increase in quality of life for those individuals as well as a massive saving to the health system. There are other examples of housing associations delivering new homes on NHS land for vulnerable groups as well as key worker staff which deliver both a capital receipt and revenue savings to the health service.

There are significant gaps in provision of housing for older people and people with health & social care needs across the SCR. Partnerships between public land owners and Housing Associations, supported by bids to the HCA's Specialised Housing fund, could take pressure off health and social care revenue budgets and deliver new homes.

#### **16. Collaborate with SMEs**

One way for the Compact partners to drive more numbers in market sale may be to work directly with SMEs. It is well understood that the housebuilding sector is dominated by a few big players and that smaller builders/developers have retreated. In 1988 according to the Home Builders' Federation there were 12,000 firms in the UK building less than 100 homes a year; that figure has shrunk to 2,500 today. This is a particular problem in the SCR.

Small firms often find the process of securing planning permission prohibitive and can struggle with cashflow. Partnerships with Housing Associations could overcome both these barriers and open up an untapped seam of delivery on smaller sites. This has been explored in the recent past but more understanding is required of what would unlock these relationships. The HCA's Home Building fund, once launched, may be able to help with this.

#### **17. Explore new housing models**

The Compact partners are well-placed to deliver other models that will be too "fiddly" for most developers. These include custom build, co-housing and self-build. Though numbers will be small initially, developing the "citizen" sector could add volume over time.

#### **18. Unlock smaller/rural sites through investment in infrastructure**

Housing providers are often allocated or acquire sites because they are difficult to develop and will not get built out by the private sector. But on smaller sites the cost of infrastructure (abnormals and highways) makes them completely unviable. Provision of affordable housing in rural areas is known to be challenging, not least because offsite infrastructure and highways access are expensive.

On these sites, investment in infrastructure, particularly removing the burden of off-site infrastructure and services upgrades, using e.g. SCRIF funds will be needed to unlock new supply. This creates the potential for infrastructure to open up a portfolio of sites as a programme. The SCR is currently testing this approach with SCRIF underspend in 2016/17.

### **What support do we need to make this happen?**

#### **19. The offer and the ask**

The table summarises what we think the sector could deliver over the next five years (subject to a review of financial capacity).

Delivery mechanism	Possible numbers per annum	Support needed
<b>New and affordable homes: target 1560 per annum</b>		
SOAHP 2016-21	340-500	Flexibility on, for example, exit strategy, tenure options, shared ownership model for older people & use of RCGF Ringfenced HCA pot of £23m for SCR to support delivery of these numbers and part of the 40% affordable on strategic sites (see below) LHA cap resolved for supported housing
Housing Association Business Plans	165	Funding infrastructure on small & unviable sites including Rural
VRTB replacements	Unknown	s106 as replacements Flexible use of RCGF
Planning gain on strategic/large sites	500-660	Policy commitment by Local Authorities to secure up to 40% affordable on large sites (including Starter Homes) New partnerships with the private sector to unlock public land on larger sites Strategic partnership with the health and care system including NHS land Ringfenced HCA pot to be used to support delivery
Working with investors for sub-market and market rent	145	Higher number could be achieved if Local Authorities are co-lessees and further partnerships are developed
Direct delivery of market rent and market sale	35	Access to suitable land would increase this number
Working with SMEs	Unknown	Brokering new relationships
Supporting the “citizen” sector	Unknown	Investment support to community-led groups
Small sites including sites for Rural housing	Unknown	Funding infrastructure on small & unviable sites
<b>Total</b>	<b>1090-1505</b>	

Delivery at scale brings other benefits:

- Jobs – construction is a huge provider of jobs and an important cog in the local economy both through direct employment and extensive supply chains. Expanding the output of the Compact partners will have a major impact on the local economy.
- Skills – housing providers have a well-developed skills offer. By working collaboratively with the private sector we can provide attractive pathways into construction careers.



- Off-site construction – scale, combined with a known and planned programme, brings the potential to test off-site construction that should bring cheaper, faster construction. The sector is already exploring Accord’s LoCalHomes timber frame system and the wikihouse, alongside modular (for example, Laing O’Rourke’s factory is located within the SCR).
- Counter-cyclical – housing provider development activity tends to be counter cyclical. This will be limited with a narrow focus on market-facing products but expanding the tenure offer can maintain delivery despite market volatility. This will also support delivery by the private sector.

## 20. Capacity to deliver

This offer has the commitment of the SCR and the housing providers within the Compact. It is supported by a robust delivery structure including:

- The Housing Executive Board – brings together public and private sector partners to accelerate housing delivery. It is important to note that the Board has delegated powers from the Combined Authority to invest and manage funds and is developing its financial appraisal and approval mechanisms to manage programmes.
- The Joint Assets Board – ensures that opportunities from existing public sector land are maximised including through the One Public Estate initiative
- Early Delivery Commissioning – the Combined Authority has launched a bidding round for SCRIF underspend to bring forward delivery of new homes in 2016/17
- The SCR Spatial Framework – the Combined Authority and Mayor will exercise strategic planning power to support and accelerate delivery
- The SCR Housing Delivery team – this new team will drive, manage and monitor delivery

## 21. Conclusion

There is an exciting opportunity to improve significantly on the Compact partners’ contribution to new housing supply in SCR if we can work with government and the private sector in the ways we have outlined in this report. Our target is at least to double current performance through innovation.

This requires forward planning and some certainty about support through capacity funding to SCR, grant, land, planning controls and other public resources.

**Based upon the proposed trajectory, an annual commitment of £23m is sought for affordable homes in SCR, to be managed as either a ring-fence or devolved funds to SCR.**

## **Appendix 1 List of social and affordable housing providers in the Sheffield City Region**

### **Local authorities**

Barnsley Metropolitan Borough Council	Doncaster Metropolitan Borough Council
Bassetlaw District Council North	East Derbyshire District Council
Bolsover District Council	Rotherham Metropolitan Borough Council
Chesterfield Borough Council	Sheffield City Council
Derbyshire Dales District Council	

### **ALMOs**

A1 Housing (Bassetlaw)	Rykneld Homes (Chesterfield)
Berneslai Homes (Barnsley)	St Leger Homes (Doncaster)

### **Housing associations**

ACIS Group	Jephson HA Ltd / Stonewater
Action	Johnnie Johnson
Affinity Sutton	Longhurst and Havelok Homes
Alpha Homes	Metropolitan
Anchor Trust	Nottingham Community
Arches Housing Ltd	Peak District Rural
ASRA Housing Group	Places for People
Axiom	Riverside Group
Dales Housing	Sadeh Lok
Derwent Living	South Yorkshire
East Midlands	Sanctuary
Equity Housing Group	Salvation Army
Framework Housing	Target Housing Ltd
Great Places	Together Housing Group
The Guinness Partnership	Trident Housing
Habinteg	Yorkshire Housing
Hanover	Waterloo Housing Group
Home Group	