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LOCAL AUTHORITY DIRECT DELIVERY OF HOUSING: CONTINUATION RESEARCH

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Executive summary

What is the purpose of this research?

The pressure to provide housing in England is significant. Local authorities have been playing a part in its delivery through their responsibilities for the planning system. Increasingly, however, local authorities have become concerned that the type of housing brought through planning by developers has not met their full requirements for social, affordable, special needs and family housing. Alongside this, there has been an increase in no-fault evictions leading to more homelessness. Local authorities have also been squeezed financially across all services as a result of austerity.

As found in our 2017 research on local authority direct delivery of housing (funded by the National Planning Forum and RTPi), local authorities throughout England have started to engage directly across the whole of the housing delivery system. Each council has taken its own approach with a widening range of programmes and initiatives to deliver housing of all tenure types, appropriate to local needs. There are now more local authorities engaged in the direct provision of housing than in 2017. This engagement is also leading many to manage all types of housing delivery through single housing delivery teams, housing delivery boards and housing delivery forums.

In both their housing and homelessness reduction strategies, local authorities have identified a growing need for housing for social rent, good quality market rent, and housing for older people. Within the Government's current approach to housing policy and delivery at local level, including the provision of funding through Homes England, it is not easy to reconcile the actual housing need with supply through the planning system. Instead, local authorities are taking a more interventionist approach across the spectrum of delivery of housing regardless of who is supplying it. They are also directly providing housing through a variety of means.

Through this continuation research, we sought to capture changes in local authority activity since our 2017 research. We were also interested to investigate some issues not fully explored in our previous work. Finally, we wanted to look further into the relationship between housing delivery and planning. We researched these issues through:

- A direct survey of local authorities (an online questionnaire sent to all local authorities in England, with a request to complete);
- A desk survey of local authorities (online research as to publicly available information for all local authorities in England on their activity around housing delivery);
- A series of roundtables in each region (12 in total); and
- Case study interviews with individual local authorities that are reported here (13 in total).

Our background desk research identified a number of key issues to be explored through our roundtables and case studies.

Findings from local authority surveys

There was a total of 184 responses from officers working in 142 different local authorities in

England in response to our direct survey. 69% of authorities reported they were directly engaged in delivering housing (a slight increase from the 65% in our 2017 survey). A desire to improve design quality had noticeably increased as a motivator to engage in housing development since our previous survey.

We found that 42% of authorities reported having a local housing company. 83% of authorities with a company had a wholly owned housing company whilst 34% of authorities with a company had a joint venture housing company (with 7% having both). For those authorities directly delivering housing, 95% are building on their own land, 44% are purchasing sites to develop, 42% are purchasing existing residential buildings, 17% are using land from the One Public Estate initiative and 13% are using other public land.

Survey respondents were asked, if their local authority was directly delivering housing, how many units had been delivered over the last year. 83 responses were received. From that we identified a combined total of 8,992 homes delivered by local authorities and their companies: 3,803 affordable (42%), 2,079 social (23%), 943 intermediate (10%), 1,428 for sale (16%) and 739 Private Rented Sector (PRS) (8%). For those who did respond, the mean average homes delivered was 99. The median average units delivered was 55. Assuming 69% of all authorities in England were delivering housing, and those delivering had each delivered 55 units last year, would suggest over 13,000 new homes were delivered last year.

Our desk survey of all local authorities found 78% had a housing or property company (a wholly owned or joint venture company focussed on either housing delivery and development or acquiring property for investment or other purposes).

Findings from interviews and case studies

This research explored 12 particular issues around local authority housebuilding. Our findings for each issue are summarised below.

Issue 1: How can planning help to deliver more social and affordable housing where the council has a Housing Revenue Account?

- The existing local plan process will not provide the range of type of sites, required to meet all local housing needs, including social housing funded by the Housing Revenue Account;
- Delivery of housing by local authorities is best served by a whole council approach with political leadership;
- Establishing a housing delivery board that sets priorities and targets and monitors them on a regular basis throughout the year is essential to support housing delivery;
- Establishing a multiskilled housing delivery team can support housing delivery where it manages all housing sites and local plan delivery;
- Having a single point of contact for each and all housing sites provides a clearer way to manage delivery and allows the council to organise its own internal teams to meet delivery;
- Active management and monitoring are crucial to housing delivery, consider interventions or reschedule year in year;
- Housing needs like fuel poverty, landlord issues and homelessness all have implications on the local housing market and should be included in local plan assessments;

- Over programming of housing delivery sites in the local plan supports more housing delivery and meets local plan requirements.

Issue 2: How are councils achieving housing delivery without a Housing Revenue Account?

- Those local authorities without a Housing Revenue Account are not being held back from providing housing;
- Successful authorities recognise housing delivery as a key objective for the council as a whole, bringing together housing delivery objectives as part of the economic strategy and environmental objectives and using this to identify priority sites and delivery projects;
- Bringing together housing and planning within the council's organisational structure has been regarded as a critical component to improve delivery. This has been achieved through establishing a housing delivery team with a range of officers with housing, planning, property, development, legal, transport and financial skills;
- Not relying on a five-year land supply in the local plan to provide the housing required and extend the period of supply is helpful both for the local plan and housing delivery;
- Keeping all housing sites under constant review and active monitoring to support more housing delivery through interventions (if necessary) is a helpful approach;
- Establishing funding for intervention to support housing delivery is an important way in which the local authority can support delivery. This may be through infrastructure provision, land remediation or purchase, and other support;
- Providing a delivery strategy for each housing site is a way to engage in its delivery and assess how quickly proposals can be implemented;
- Naming a specific officer as a point of contact for each housing site is a way of ensuring developers and landowners have a single way into the council and provides access to an officer who can be responsible for dealing with other parts of the council on that site;
- Where there are delays in delivery or where applicants make non-compliant planning applications, some authorities have found it effective to actively manage these sites out of the immediate site allocations as they threaten overall delivery;
- Using the council's own monitoring data and records of conversations on all housing sites provides evidence for engagement in housing delivery and the assessment of specific sites in the local plan examination;
- Regarding the local plan as a continuous mechanism, not taking an episodic approach is important to maintaining housing delivery;
- Direct intervention by the council such as purchasing and converting properties into new homes can be a way of improving delivery (particularly to meet precise planning targets);
- Having access to a development surveyor who has had commercial experience and understand the wider market has been critical for both case study authorities; and
- Maintaining links and working relationships with surrounding authorities has provided to be an important feature of both making and delivering the plan.

Issue 3: How are councils using their S.106 pots to prime and deliver housing development?

- S.106 is a useful means of providing affordable housing but will not provide enough to meet council (or indeed society's) needs;
- Having access to land for affordable housing is important and may be an issue when considering the role and use of commuted contributions;
- Government housing subsidy is required to provide the number of affordable homes needed;
- The culture of negotiations on development contributions appears to be stuck in the economic downturn narrative of 2008 and needs to be re-cast to current expectations;
- Under the current planning framework and economic conditions, S.106 is not equally useful in providing affordable housing in all local authorities and locations across England. This is both in overall negotiation and the percentage that can be achieved on specific schemes;
- The skills to successfully negotiate with private developers over viability and S.106 contributions remain challenging for some local authorities to maintain;
- A number of authorities have successfully required contributions on sites smaller than 10 units, or considered 'tapered' contributions policies to avoid 'cliff edges' once a certain number of units are reached; and
- Affordable housing in S.106 negotiations can be crowded out by other types of infrastructure requirements. Councils need to remember it is their local decision as to what is most needed in the specific locality when requiring contributions as part of planning applications.

Issue 4: What are councils doing to ensure that they are receiving clawback payments for the provision of additional housing following viability negotiations?

- Having a review mechanism for overage/clawback in all S.106 agreements for housing delivery appears to be a sensible approach given the apparent propensity of applicants who wish to re-negotiate contributions downwards after receiving planning consent;
- Councils introducing clawback should take advice from councils with more experience;
- Councils can build in a review mechanism in case initial negotiations are not successful;
- Some local authorities are providing model clauses for review and these may be a useful starting point; and
- These mechanisms are being used in different parts of the country and even where overall market conditions may not be buoyant as most local housing markets have some higher priced locations and these review mechanisms are being used there.

Issue 5: What are councils doing within their local plans to provide affordable housing?

- All local authorities need affordable housing, and this appears always to be greater than the affordable housing that can be provided through the local planning system;
- The quality of much of the private rented stock is poor and needs addressing in local plans as it is a major contributor to housing supply;

- In negotiation for contributions, affordable housing is being squeezed out by local authorities in their own negotiations and this needs to be recognised and addressed; and
- Having a single housing delivery team that focuses on all housing sites regardless of ownership appears to offer advantages in the delivery of affordable housing.

Issue 6: What are councils doing to provide special needs housing for example for older people?

- Provision of housing for older people by the private, public and third sectors is not adequate to provide for the changing and growing proportion of older people all over the country;
- Local authority housing and homelessness reduction strategies and Joint Strategic Needs Assessments/Wellbeing strategies are demonstrating that the housing needs of older people in the affordable and social rent sector are significant;
- Older people living in owner occupied property cannot always maintain their homes as they do not have the financial resources to do so and may be in danger of fuel poverty and, in some locations, this is leading to their wish to move to council care accommodation;
- Within the current framework of regulation for private landlords, older people who have lived in private rented accommodation for a long-term period appear to be increasingly likely to have their tenancies terminated and become homeless;
- Local authorities' assessment of the range of housing needs of older people in their local plans does not usually seem to be adequate or match other local authority assessments;
- The approach adopted by Leeds City Council is an example of a process that can be followed to assess all types of housing needs for older people and identify shortfalls;
- Even where local authorities have housing policies for older people, there are normally no overall targets of dwellings to be provided and no specified mechanisms for delivery;
- Provision of housing for older people is primarily being made by local authorities and third sector providers on their land;
- Local authorities are providing housing for older people using their Housing Revenue Account or other mechanisms, such as companies or direct development, using powers of wellbeing. Some local authorities are jointly developing older people's housing to enhance provision;
- Where local authorities have transferred their housing stock to a registered provider, there are now numerous examples where that provider is no longer developing homes in that area and is no longer a source of new housing provision for special need groups;
- The local plan process set out in the revised National Planning Policy Framework (NPPF) has very little impact in the provision of affordable housing for older people. While indicating that their housing needs should be identified, the only mechanisms in the planning process to meet these needs are residual and a by-product of market housing;
- The revised NPPF does not allow local authorities to allocate housing sites by type of need or tenure so that housing sites for older people's housing are not able to be allocated;
- There is an issue with the Use Classes Order (UCO) for older people's housing between the classification of development as C2 or C3 that needs to be resolved;
- We did not find evidence that housing for older people is being regularly negotiated by

planners on major sites even where there are planning policies that state this should be occurring;

- Private sector house builders are not routinely providing housing for older people and local authorities cannot require lifetime home standards in all developments; and
- The delivery of older people's housing in local plans does not seem to be monitored.

Issue 7: How can local authorities obtain the best outcomes when they negotiate large housing developments or garden cities to meet a range of local needs?

- It is important for local authorities to have good relationships with major landowners in their area given the length of time it is likely to take for the development to be delivered;
- Having landowner commitment to quality and placemaking may mean that relationships can be more flexible, although it will depend on what kind of agreements have been made in the planning application. There may also need to be a fall back review mechanism;
- On any major development, it is important to have a Planning Performance Agreement (PPA) whether the authority is large or small as these developments require significant resources;
- Team continuity is important in the successful delivery for both the council and the developer; and
- In order to manage housing delivery, reliance on major sites to deliver the required housing needed in the local plan may be a risk and other initiatives, such as allocating more land than required elsewhere, may be a reasonable strategy.

Issue 8: What have local authorities learned using joint ventures and what do they regard as being the most successful arrangements?

- In our desk survey, 57% of local authorities are in a joint venture, with a range of partners;
- Motivations of council's for being within a joint venture varied from additional skills, funding or to share risk;
- While some local authorities preferred a joint venture to undertake housing delivery, for others this was one of the options that they used alongside others;
- Some local authorities adopted a joint venture on a site-by-site basis whereas others had a programme of development included within the joint venture;
- Some joint ventures had a target for delivery;
- joint ventures can be useful as they sit outside the council and can provide mechanisms for providing skills and additional staffing at times of austerity;
- Not all joint venture relationships are successful, and some local authorities have found that joint venture partners want to take a dominant role on the form of housing to be provided and may not always be policy compliant; and
- Some authorities have withdrawn from, or avoided, joint ventures because of concerns of conflicting priorities and objectives between different partners.

Issue 9: How are local authorities managing the planning processes when they are the developer?

- When local authorities establish housing or development companies, they start with smaller schemes and gradually move to larger ones;
- The focus of local authority housing activity is mixed including generating income but increasingly focusing on delivering for special need groups and social rent;
- A number of councils are investigating the delivery of key worker housing for teachers and NHS staff who cannot find homes near their place of work;
- Meeting the needs of the homeless is rising up the local authority agenda for direct delivery of housing, not least given its responsibilities under the Homelessness Reduction Act 2018;
- Where local authorities are the applicant, there can be raised expectations from the public about the influence they should be able to have over schemes;
- Local authorities may, like any applicants, have their own commercial sensitivities around putting information into the public domain, but a proactive approach to community engagement is likely to be expected and help prevent issues;
- As local authorities become engaged in larger schemes, they may increasingly find themselves as the applicant in more locally controversial developments. This will require careful management;
- Local authorities need to avoid any conflict between corporate priorities to deliver housing and their decision-making role as local planning authorities. Such conflict can be avoided by use of a PPA setting out expected timeframes and relationships; and
- Local authorities should (and usually do) submit policy compliant schemes where they are the developer so as to act as a model to private developers and reinforce their plan policies.

Issue 10: The changing perception of quality as a motivation for local authority involvement

- Standards matter in the design and delivery of housing and setting these in the local plan is important to manage developer expectations;
- Nationally described space standards should be included in Local Plans if local authorities are concerned about the internal quality of homes being built in their areas since space standards are often key to people's use and experience of housing;
- The adoption of a wider range of standards including for access, public and communal area, recycling, walking, cycling, access to specific services such as schools, health services, bus stops, green space, electric charging points all need to be included in the local plan if local authorities want placemaking as an outcome from planning applications. With adopted standards, planning applications can immediately demonstrate their conformity to them. Without them, then standards will always be a negotiation and there is no certainty that they will be provided; and
- Local authorities can act as models for the feasibility and positive impact of well-designed, good-quality housing through their own direct development of housing.

Issue 11: Relationships

- Relationships matter both inside the council and with outside organisations to support housing delivery;
- A regularly-meeting housing delivery forum is an essential means of working with partners;
- Having a corporate focus on housing delivery within the council is important for success, particularly if this effectively brings together housing and planning strategies;
- Political leadership through the establishment of a housing delivery board provides a constant focus on housing delivery;
- Having a housing delivery team inside the council supports the provision of housing and enables the council to be constantly aware of the housing delivery progress. It enables the allocation of a named officer for each site and provides a focus for action; and
- Keeping common records on each housing site is a means of addressing the issues and dealing with mixed messages.

Issue 12: Small sites

- There is a need to know about all the land availability in a council's area and all land in the council's ownership, and assess this for potential housing development;
- Even very small sites might be suitable for self-build;
- Small sites are usually built out more rapidly and can make a major contribution to housing delivery; and
- Small sites can have particular issues in relation to design, access and the impact on neighbouring properties, which require close attention.

Key conclusions

1. Relying on the private sector to progress applications through the planning system alone will not deliver against a council's full range of housing needs;
2. National Government policies for housing and planning seem to pull in different directions;
3. Each council will find its own way to provide housing, which is evidenced by the range and variety of methods now being used by a majority of councils. In our direct survey to local authorities, 69% of them reported they were directly delivering housing, whilst in our desk survey of local authorities were, it was found that 78% had a housing or property company;
4. Making housing a corporate priority for a council usually leads to more activity;
5. Despite the welcome removal of the Housing Revenue Account debt cap, the Housing Revenue Account still restricts housing delivery;
6. Homes England's role in the provision of all housing types is unclear and would benefit from replicating approaches led by the Mayor of London who is funding councils to provide social housing accompanied by skills support;
7. The relationships between local authorities and housing association are increasingly variable;
8. Local economies, as supported by Local Industrial Strategies, need all types and tenures of

- housing to support their success and this needs to be reflected in local plans;
9. Viability negotiations and Community Infrastructure Levy are not providing the developer contributions that are expected or needed;
 10. Local authorities need access to development surveyors;
 11. Local plans should deliver on all housing needs and be found unsound if they fail to do so;
 12. Concern about the quality of housing delivered by some private developers is widespread. Local plans should be standard based to address this and support placemaking;
 13. Local plans need to address existing stock as well as new housing developments to meet the climate emergency;
 14. Care is needed to manage internal relationships within the council, and external relations with communities, when the council or their company is the applicant for planning permission; and
 15. It takes time – the rise of council companies found in this research since January 2018. It will take at least two years to start development and all local authority companies are starting small to learn from their experiences.

Key recommendations

As a result of our research findings, we make a series of recommendations to various stakeholders in housing delivery. The key recommendations are:

HM Treasury

- Should allow local authorities to borrow against their assets and rent income in the same way as registered providers and the private sector.

Ministry of Housing, Communities and Local Government (MHCLG)

- Should revise the NPPF so that plans will be found unsound if different types of housing needs that have been identified cannot be delivered through the local plan;
- Should reform the method of objectively assessed need (OAN) so that it is compatible with housing needs in the local authority area derived through the housing strategy, homelessness strategy and the Joint Strategic Needs Assessment/ Wellbeing strategy;
- Should recognise that the current approach to viability is not working as a test for the delivery of the range of homes required and is not fairly balanced to meet public provision;
- Should require local plans to systematically review the housing needs of older people, in their areas, identify shortfalls and include requirements to meet them;
- The Minister for Housing should provide Homes England with a national target for the provision of housing for older people and establish a funding and support programme to deliver it. This funding should be available to local authorities without a Housing Revenue Account;
- Should review the UCO for housing and make applicable to the determination of each application and site for housing as for retail and employment uses;
- Should oblige all homes provided to be at lifetime homes standards;

- Should reverse the permitted development rights freedoms, which currently allow new dwellings to be developed without planning permission, bringing such developments into full planning control with associated requirements and contributions;
- Should return the provision of public bodies to have first refusal of land being sold by other public bodies at public value;
- Should require monitoring of the delivery of different types of housing including for older people, families, students and PRS, and that they are included within annual monitoring reports;
- Should remove Right to Buy as a policy for local authority housing;
- Should allow local authorities to keep all Right to Buy receipts for use to provide replacement housing (if Right to Buy is not repealed);
- Should create specific funds for local authority, affordable and social house building, supported by skills funding as well as the Mayor of London; and
- Should establish a funding subsidy programme whether through grants for local authority direct delivery of housing, the Housing Revenue Account, other mechanisms such as a registered provider, or on the general fund.

Local authorities

- Should bring together housing and planning into a housing delivery team to manage the implementation of all housing schemes regardless of promoter;
- Should establish a housing delivery board to monitor progress and delivery;
- Should establish a housing delivery forum of all providers in the area to meet regularly to discuss progress and problems;
- Should establish a housing intervention fund to help overcome issues on individual sites (funding can be made as a grant, a loan or in return for development equity);
- Should consider how housing provision can support the local economic objectives (e.g. PRS for younger professionals and graduates moving to the area), housing for families to encourage them to remain in the area and key worker housing;
- Should assess all sites in council ownership for housing suitability, not just those held in Housing Revenue Account or in delivery portfolios; and
- Should include more detailed housing delivery outcomes in the annual monitoring report.

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- Should produce a best practice guide to deal with the council as applicant, help local authorities deal with the increased pressure on planning decision-makers as the direct delivery of housing by the same authorities increases. This should include guidance on managing internal relations, negotiating contributions, and public engagement.

1. Introduction: Why the continuation of research?

When the National Planning Forum (NPF) and Royal Town Planning Institute (RTPI) study on the direct provision of local authority housing was published in December 2017¹, it highlighted the type of changes that were emerging in local authority practices in housing delivery. Through the means of a direct survey to all local authorities in England, the research was able to demonstrate what was motivating councils to become engaged in housing delivery again – in many cases years after transferring their housing stock to other providers. In 2017, the motivations most frequently cited by local authorities to engage in the direct provision of housing were the need to provide housing in the local authority area – across all tenures. Secondly, there was a motivation to deal with homelessness in different ways. Homelessness is expensive for society – it has high costs for local authorities, even where they are not stockholders, finding and funding accommodation for those who have been made homeless, who were also bearing high social costs.

All councils, whether stockholders or not, are having to find ways of preventing homelessness through duties placed on them by the 2018 Homelessness Reduction Act. The research demonstrated that councils were active in a variety of ways to reduce homelessness: by buying housing from the second-hand market, purchasing dwellings from developers and by buying existing bed and breakfast establishments, hotels and hostels that they were already using on a rental basis. The third local authority motivation cited in 2017 was the need to generate income to run their services. The decision by the Government in 2012 to remove the Revenue Support Grant (RSG) for all English councils by 2020, using a taper over this time period, has made many councils consider how to change their financial practices moving from the sale of land and assets to obtain capital receipts to consider how they could become more like patient investors, retaining their land and seeking rental income that would be guaranteed into the future to support their services.

There were also motivations shown in the 2017 survey related to the frustrations being expressed by many politicians at the slow scale of build-out rates or stalled sites with planning permission in their areas. Councillors felt as if they had no control over housing delivery and were concerned that after long negotiations and commitments made to local communities for additional social infrastructure as part of the development evaporated, when developers returned to the council to seek renegotiation of their viability assessment and development contributions. The government has made funding available to councils to help stalled sites to be moved on², through a planning delivery fund, but this is defined as local authority planning delays not as the result of developers' inactions. A study by the Campaign to Protect Rural England (CPRE) and Shelter has found that this type of renegotiation has halved the number of affordable homes provided as part of

¹ Morphet and Clifford (2017). 'Local authority direct provision of housing'
<https://www.rtpi.org.uk/knowledge/better-planning/better-planning-housing-affordability/local-authority-direct-provision-of-housing/>

² MHCLG (2018). 'New money to build homes stalled by planning'
<https://www.gov.uk/government/news/new-money-to-build-homes-stalled-by-planning>

development schemes³. Shelter also found a loss of affordable homes through this renegotiation in their own study⁴. This is despite the vast challenges of housing affordability remaining a pressing issue, reflecting much larger political-economic factors.⁵ Where councils act as housing developers, they can provide policy compliant development with the right level of affordable homes and build developments more rapidly rather than phasing completions to maintain price⁶.

Further motivations for the direct provision of housing found in 2017 related to the need to support small scale local builders, to improve local skill levels, to provide opportunities for the long term unemployed and ex-offenders. Others were keen to engage in modern methods of construction (MMC) to speed up the delivery of housing and improve its completion rates including opening a factory. This last group of motivations also included a concern for the quality of build that was being achieved by private sector developers. Some councils were of the view that the type of housing units being built, together with the quality of design and finish within and outside the dwelling, could lead to many of these properties moving quickly into the buy-to-let market where tenants might require much more council support and intervention than would be expected through private market sales.

The NPF/RTPI research report also considered the means and the methods being used by councils to engage in the direct provision of housing, including the establishment of wholly owned companies. The 2017 survey found that the levels of activity in each council were not related to their size, political control or geographical location and there were examples of all types of local authority engaging in the direct provision of housing across the country, with only the North West region showing slightly less activity. The research found that the companies were primarily funded by the councils' own financial resources, with the use of funding from land sales and loans from the Public Works Loans Board most frequently used after this. Councils were also using their own land for housing development. This survey found that the councils with companies were also experiencing challenges such as learning how to separate their roles between the council and the company, learning to act in a commercial way and maintaining appropriate separation in decision-making, including when determining planning applications. Those councils without a wholly owned company described them as being too complex or expensive to establish or that the council did not own any land for housing development. Another reason cited by councils in 2017 for not developing housing directly, was that the council was not a stockholder and therefore did not have any powers to build housing, a myth that the report attempted to put to rest.

In addition to the direct survey, the NPF/RTPI research included other elements. There were regional roundtables in all parts of England and a 100% local authority desk survey, which examined the housing of activity that local authorities might be engaged in. The 2017 research also undertook 10 case studies of councils. Over 60 councils volunteered to be case studies in the survey and the intention was to choose case studies across the country, at different stages in the

³ Helm (2018). 'Loophole used to cut affordable housing in rural England – report'
<https://www.theguardian.com/politics/2018/mar/03/affordable-housing-rural-england-planning-laws-loophole-exploited-developers-report>

⁴ Grayston (2017). 'Slipping through the loophole'
https://england.shelter.org.uk/data/assets/pdf/file/0010/1434439/2017.11.01_Slipping_through_the_loophole.pdf

⁵ Ryan-Collins (2018). *Why you can't afford a home?* Polity Press

⁶ Letwin (2018). 'Independent review of build out: preliminary update'
<https://www.gov.uk/government/publications/independent-review-of-build-out-preliminary-update>

process of developing housing – that is with or without a company. The case studies were selected to include councils run by different political parties. As the case study interviews were arranged, it was clear that most of the case study authorities selected for not having a company had changed their views and were now setting up housing companies, with one council agreeing this only the day before the case study interview. In the event, only one council not intending to have a housing company was included as a case study.

The NPF/RTPI research report was well received and provided an opportunity to review the position of councils in relation to direct housing provision. However, the research had expected to find more detail on the planning issues within councils in relation to the direct provision of housing and this proved to be more challenging. The interviews tended to focus more on the housing delivery issues within each council. However, as more councils become engaged in direct delivery of housing, then there are several issues that remain to be explored and that is the purpose of this study. In the 2017 study, the extent to which councils are involved in a range of joint ventures with partners for mixed development, including housing, was not explicitly examined. These joint ventures are frequently with the private sector or housing associations, but other examples emerged of councils having joint ventures with other local authorities and public bodies, an issue that needs further examination. Also, the planning issues, such as the relative roles of councils in relation to housing and planning and how these worked together needed more discussion. As councils are increasingly engaging in direct provision, does that give some indication that local authorities are not expecting to be reliant on housing delivered through the planning system for their areas?

While the funding for this continuation research was being considered by the RTPI during 2018, GL Hearn, a planning and housing consultancy, came forward with funding to undertake a second survey of local authority *Motivations, Means and Methods* using the same questions as those used in 2017. This survey went ahead in September/October 2018. The findings of the survey have not previously been published and are included in this report, so as to place them into the public domain and allow a comparison between the 2017 and 2018 surveys.

The approach taken

During the period of September 2018 and May 2019, we approached this further research project through a range of methods that included:

- A desk review of current literature and material about housing delivery;
- A direct survey of English local authorities on motivations, means and methods for direct delivery of housing (sent by email, asking for completion online during September/October 2018);
- A desk survey of activity by all local authorities in England that has been published separately (November 2018 and updated through the research period);
- A series of roundtables in each region and for the private sector (14 in total);
- Case study interviews with individual local authorities that are reported here (13 in total);
- Participation in events across England about these issues;
- Advice and views of the Research Advisory Group.

In this report, we firstly consider the background in terms of what has changed since our last report

as far as government policy and the housing market is concerned, and in relation to local government. We then consider what we have found in relation to a series of identified key issues. Finally, the last part of this research report sets out recommendations for practice, for local authorities and other bodies including Government about changes that would support councils in delivering more housing in the future.

2. What has changed? Government policy

Introduction

During the period since the last report was published in December 2017, there have been three Ministers for Housing and Planning (Alok Sharma, Dominic Raab and Kit Malthouse) and two Secretaries of State for Housing, Communities and Local Government (Sajid Javid and James Brokenshire). The changes in government policy since December 2017, summarised in this section of the report, demonstrate that the initiatives for housing and planning are pulling in different directions, despite being the responsibility of a single minister. While several government initiatives to support the delivery of all types of housing have been introduced or continued in the last year, there remains no fundamental policy for the relationship between housing and planning policy.

While the revised NPPF⁷ is primarily concerned with the supply of housing through the market, whether for sale or residual affordable housing provision, the demand side of housing of all types, including the condition and management of existing stock, is generally contained in local authority housing or homelessness strategies. There is little or no place for the condition and access to existing housing stock in the NPPF⁸ although there is some policy for the provision of new housing for specific need categories and PRS. There is no role or mention of the direct provision of affordable housing by local authorities as a primary form of development rather than as a residual of market housing within the NPPF despite mention of this type of provision in the Housing Green Paper. Where local authorities still have a Housing Revenue Account and are building homes under part two of the Housing Act 1985, these activities are again absent from the NPPF although the borrowing cap has been removed since the end of 2018.

The housing delivery test methodology that was introduced in the NPPF is strongly criticised as being weak in the National Audit Office report⁹ as is the government's intention to penalise local authorities where private developers are not building homes, even though local authorities have no powers to make this happen. Further, there is a strong disincentive to housing developers to deliver development within this housing delivery test because if councils fail to demonstrate housing completions, then the opportunities for planning by appeal are increased. This rewards the developer for failing to develop and penalises the local authorities where it has no powers to act. However, Chief Secretary to the Treasury Liz Truss, in a speech in February 2019, argued that the 1947 Town and Country Planning Act is a product of socialist ideology, getting in the way of housing delivery and should be abolished¹⁰. Given such views, and the lack of private sector delivery at a fast-enough pace to match demand (or particular types of demand), it is perhaps

⁷ MHCLG (2018). 'Revised National Planning Policy Framework' <https://www.gov.uk/government/collections/revised-national-planning-policy-framework>

⁸ MHCLG (2012). 'National Planning Policy Framework' <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

⁹ NAO (2019). 'Planning for new homes' <https://www.nao.org.uk/report/planning-for-new-homes/>

¹⁰ Resolution Foundation (2019). 'British politics beyond Brexit: Where are the Conservatives heading?' <https://www.resolutionfoundation.org/events/british-politics-beyond-brex-it-conservatives/>

unsurprising that local authorities are engaging in more direct delivery of housing so that they can be more in control of provision in their council areas.

We have found that the local plan and the housing strategy are now frequently prepared by the same team, but there is little to connect the two in practice and the mechanisms for assessing demand in the local plan do not take account of the demand as set out in these wider housing considerations or the Joint Strategic Needs Assessment despite its legal status as evidence for local authority services.

Similarly, while there might be a need for affordable housing that is being provided by local authorities and others, there is no mechanism within the NPPF to ensure that the land required to provide this type of housing is safeguarded even where need is expressly identified in the Joint Strategic Needs Assessment or housing strategy. While not explicitly stated as a legal position, it is implicitly understood that the five-year housing supply in local plans is assumed to be for market housing even where this exceeds demand for this type of tenure. The five-year land supply should be for all types of new housing need and unless the local authority is a land owner there is no means of protecting housing land for affordable or social tenure in the local plan. Further, there is no way of controlling housing types built to match housing need and many local authorities are reporting an oversupply of market housing types that is mismatched with their needs. Again, this is another reason why there is direct delivery by local authorities who are having to work through land ownership rather than plan policies to provide the housing that is needed. Finally, for some councils (for example, 5 out of 10 boroughs in Greater Manchester), population growth is created by the longer life expectancy of the population and specific housing is needed to provide for this group, which is often not being provided through the private market at present.

Changes in government housing policy

Since the publication of the NPF/RTPI research in December 2017, there have been several government announcements and policy initiatives, which have influenced local authority direct delivery of housing.

Social Housing Green Paper

The Social Housing Green Paper, *A new deal for social housing*, was published in August 2018¹¹ for consultation. The government's stated intention for the paper was to recognise the role of social housing in providing homes for 20% of the population and the role of rented accommodation particularly for those on lower and middle incomes. In this Green Paper, there was also an explicit recognition of the role that local authorities had in the provision of social housing in the past, present and future. The Green Paper recognised that there are at least four main housing markets and there needs to be more prioritisation on social and affordable housing provision than there has been in the recent past. Changes in the role of housing associations, to become more mainstream developers, like the private sector, has also reduced the amount of social and affordable housing provision each year. For both local authorities and housing associations, this has also been related to the reduction in housing subsidies that have been available from the government and a switch in

¹¹ MHCLG (2018). 'Social Housing Green Paper' <https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing> ; MHCLG (2018). 'A new deal for social housing' https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/733605/A_new_deal_for_social_housing_web_accessible.pdf

government policy from 2012 onwards to assume that social and affordable housing would be a residual function of the private housing market. By giving developers support for sales-for-market housing through the interim sales loans for short-term discounts and Help to Buy schemes, the government has primarily been using subsidy to support developers that provide about 50% of the total housing provision each year. However, other types of need have not been directly funded to the same level, which is estimated to be between £22bn-£32bn from 2015 to 2022.

The Green Paper starts by declaiming a new deal for social housing, which it defines as housing with rent levels at 50% of market levels, of which 14% is estimated to be housing for those with specific needs. It focuses on several issues including resident safety, whether there should be a decent homes standard, quality, tenant engagement as part of regeneration projects, complaint resolution, the relationships between housing and communities and promoting good design. The design elements of the Green Paper were linked with the revised NPPF, which was published in February 2018 and finalised in February 2019. This promoted the role of design in new development through design guides and other means including the inclusion of residents in the design of new social housing.

The provision of social housing was also discussed in the Green Paper. It links to the general approaches to housing provision set out in the Housing White Paper *Fixing our broken housing market*, published in 2017¹². While supporting the provision of more social housing, there are also links to aspirations for home ownership, social and geographical mobility. Social tenants tend to be less mobile than other parts of the population. Since the introduction of Right to Buy, 2 million tenants have become home owners, but they have not stayed in their former council homes but frequently sold on their properties to landlords who have bought them to let and this has also been reflected through a rise in the rental market overall. There is a clear statement in the Green Paper that the government will support local authorities to provide more housing. The Green Paper also focused on those 166 local authorities with an active Housing Revenue Account, introducing key issues as a requirement to be able to borrow more, the rent levels that can be charged and the use of Right to Buy receipts. The Green Paper proposed the increase in the Housing Revenue Account borrowing cap for local authorities by £1bn but this was very quickly superseded by an announcement that the debt cap would be removed altogether¹³. The control of rent levels, which had been reducing the ability of councils to undertake development in the Housing Revenue Account, has been changed and a consultation on the use of Right to Buy receipts was launched. There was also pressure on local authorities to sell their high-value homes to replace them with other types of stock, but this was also subsequently removed as a policy, as a result of the Green Paper commitments.

Although these reforms of the Housing Revenue Account have been welcomed by stock holding authorities with a Housing Revenue Account, it leaves several other issues for council provision of social housing unaddressed. The first is that the majority of local authorities are no longer stockholders and there have been no specific initiatives to understand where and how these outcomes of previous government policy will play out in practice. However, non-stockholding local

¹² MHCLG (2017). 'Fixing our broken housing market' <https://www.gov.uk/government/publications/fixing-our-broken-housing-market>

¹³ Williams (2018). 'Finance leaders welcome removal of HRA cap but say it is 'not a silver bullet' for the housing crisis' <https://www.socialhousing.co.uk/news/news/finance-leaders-welcome-removal-of-hra-cap-but-say-it-is-not-a-silver-bullet-for-the-housing-crisis-58906>

authorities can benefit from the removal of the debt cap for prudential borrowing if they build housing using the powers they have under the 1985 Housing Act Section 2 (although local authorities can acquire and hold properties using different powers).

However, in addition to benefitting Housing Revenue Account authorities, the abolition of the borrowing cap will also benefit non-Housing Revenue Account authorities that wish to build council housing. Such authorities are able to borrow in line with the Prudential Code to build up to 200 homes, subject to requesting a Direction from the Secretary of State allowing them to account for these homes outside the Housing Revenue Account. Once they build 200 homes, they would need to set up a Housing Revenue Account. Previously the Government would have required the calculation of a new borrowing cap for such authorities, and this cap would need to reflect the relatively small numbers of homes and the low level of debt that could be supported. However, such local authorities will not now be subject to any such restriction and the same rules will apply – i.e. they will all be able to borrow for housebuilding in line with the Prudential Code in the same way as any other Housing Revenue Account authority.

Local authorities without a Housing Revenue Account have been considering whether it would be worth re-opening a Housing Revenue Account in order to access grants for affordable housing from the Mayor of London or Homes England. However, it appears that a more favoured route for non-stockholding local authorities may be to establish as a registered provider, which would allow them to access grants from Homes England or the Mayor of London in the same way as other housing associations. Some local authorities with a Housing Revenue Account have decided to register as a registered provider as well to maximise the flexibility to provide homes and to access grant funding.

The Green Paper did not address the issue of the Government maintaining the Housing Revenue Account system when this is a political and not an accounting construct, as the last report on this research demonstrated. The Government made a commitment to implement the International Financial Reporting System (IFRS) in 2009¹⁴, which brings local authority capital and revenue accounts into the same regime as private sector bodies. However, this has not been applied by HM Treasury in respect of local authority physical assets of land and buildings. Any development funding by local authorities is counted as borrowing not as investment, as it would be in the private sector. This has a detrimental effect on the ability of local authorities not only to borrow against their assets to provide new housing but also to invest in the maintenance of the existing stock to retain asset value, as would be the case in the private sector. Secondly, almost all local authority assets are not valued at market rates and, in some cases, on the value at the point of acquisition. This means that as well as being denied access to investment finance, councils cannot raise funds to a level which would be the same as the private sector. There are frequent comments on why other countries such as Germany and the Netherlands can provide housing, and this is the main difference.

The Green Paper also included mention about the role of local authority housing companies, which the Government states are an appropriate way to deliver housing where the private sector is not doing so. This could also include types and locations for market housing when the private sector is not currently building homes. These may be where the local authority has no Housing Revenue

¹⁴ Scrutiny Unit (2009). 'Adoption Of IFRS By Central Government Briefing Note By The House Of Commons Scrutiny Unit' <https://www.parliament.uk/documents/upload/ifrsbriefing.pdf>

Account. The Green Paper suggests that the local authority might consider transferring any stock built through a company to a housing association. However, in many local authority areas, housing associations are no longer active or have indicated that they do not wish to take on stock for social and affordable rents. Also, some local authorities have established their own housing associations and the properties could be transferred to these. The Green Paper states that the Government considers that local authorities should also offer opportunities for those households in these tenures to move into home ownership, although it does not indicate that this will be through a requirement to implement Right to Buy provisions. In some local authorities, those in social rented properties are being offered the opportunity to build up a housing deposit or buy at some future stage, for example in Hackney and Woking¹⁵.

In terms of providing more affordable housing, the Green Paper indicated that there would be support to housing associations through funding channelled through Homes England and through the Mayor in London for the establishment of strategic partnerships. In London, the Mayor has gone beyond this to provide social rented housing funding for London Boroughs¹⁶ and provided direct support to the councils to deliver this housing¹⁷. This is not yet the case for Homes England. Finally, the Prime Minister gave a speech in support of local authority housing direct provision in September 2018¹⁸.

Homes England

Since its formation in 2017, Homes England has been expanding its role and its staff¹⁹. Homes England has continued the roles of its predecessor bodies in supporting the delivery of housing through making land available to the private sector and housing associations. It is also moving to take equity in housing developments from a new approach. While Homes England has provided support for all aspects of the market, it has not yet supported local authorities in the direct provision of social housing outside of the grants available through the Housing Revenue Account or in their upskilling in the same way as the Mayor of London. Homes England has supported local authorities through infrastructure funds, the Accelerated Construction programme and a special grant regime for small sites. Homes England has made a commitment to working with 'ambitious' local authorities in their current planning period but there is no indication of what this relationship might be. One of the major uses of Homes England funds allocated from government is for the Help to Buy Scheme, which provides loans to new home purchasers. After 2021, this will only be available to first time buyers and it is likely that the scheme will be ended altogether in 2023²⁰.

¹⁵ McKeon (2018). 'Trying to get on the housing ladder? Social tenants in Woking could 'earn their deposit' as council considers revolutionary scheme' <https://www.getsurrey.co.uk/news/surrey-news/trying-housing-ladder-social-tenants-14239785>

¹⁶ GLA (2018). 'Mayor agrees £1 billion plan to build 11,000 new council homes' <https://www.london.gov.uk/press-releases/mayoral/mayor-agrees-1bn-plan-to-build-11000-new-homes>

¹⁷ GLA (2018). 'Mayor boosts councils' homebuilding teams with new £10m fund' <https://www.london.gov.uk/press-releases/mayoral/mayor-boosts-councils-homebuilding-with-10m-fund>

¹⁸ May (2018). 'PM speech to the National Housing Federation summit: 19 September 2018' <https://www.gov.uk/government/speeches/pm-speech-to-the-national-housing-federation-summit-19-september-2018>

¹⁹ Homes England (2018). 'Homes England strategic plan 2018 to 2023' <https://www.gov.uk/government/publications/homes-england-strategic-plan-201819-to-202223>

²⁰ Davidson (2018). 'Help to Buy extended by another two years but ONLY for first-time buyers - and government reveals new regional price cap' <https://www.thisismoney.co.uk/money/mortgageshome/article-6330133/Help-Buy-extended-two-years-time-buyers.html> ; Ing (2018). 'Revised Help to Buy extended until

Changes in planning policy

NPPF

The publication of the draft revised version of the NPPF in February 2018 was long anticipated and the final version was published in July 2018 and updated in February 2019. The first version was published in 2012 and it created a range of policy interpretations for the delivery of the Planning and Compensation Act 2004, which has continued largely unaltered in its content. Initially, the 2004 Act was accompanied by guidance and policy statements that were related to a range of planning policy issues including housing and the format of local plans. The NPPF was accompanied by revisions to Planning Guidance to make it more succinct. However, the NPPF places a focus on the delivery of planning permissions for housing while tipping the balance towards private sector housing provision above other tenures and types of housing in local plans. Looking back to the Barker Review of Housing Supply (2004)²¹, which was the first in a long line of such policy reviews on housing delivery, there was an assumption that social and affordable rented homes would need to be provided by local authorities using public subsidy.

Before the revised NPPF was published for consultation, there were government sponsored reviews of its focus and delivery including those undertaken by an Expert Group led by John Rhodes²² and the Elphicke-House review of local housing delivery²³. Both reviews were conducted from the perspective of the private sector. There has also been an expansion of permitted development rights, particularly as they relate to the conversion of offices to housing, which meant that this process no longer required planning consent²⁴. This led to a considerable loss of income for local authorities as well as the associated affordable housing that would normally be expected with this scale of development²⁵.

The publication of the draft revised NPPF for consultation in February 2018 was accompanied by considerable amounts of consultation, which the Government undertook largely with the RTPI. This included roundtables across England, which officials attended to listen to comments. The main policy focus in the NPPF was concerned with housing and the extent to which land supply could be made available in local plans to meet the nation's housing needs. The draft revised NPPF focused on the role of the local plan in understanding the range of local needs for different types and tenures of housing including those for special needs and students. Despite the subsequent Green Paper on social housing, the term was removed from the NPPF and replaced with the more generic affordable housing, although later reinstated. The provision of market housing is to be at

2023 but will end after that date' <https://www.building.co.uk/news/revised-help-to-buy-extended-until-2023-but-will-end-after-that-date/5096290.article>

²¹ Barker (2004). 'Delivering Stability: Securing our Future Housing Needs' http://news.bbc.co.uk/nol/shared/bsp/hi/pdfs/17_03_04_barker_review.pdf

²² Local Plans Expert Group (2016). 'Report to the Communities Secretary and to the Minister of Housing and Planning' <https://www.gov.uk/government/publications/local-plans-expert-group-report-to-the-secretary-of-state>

²³ MHCLG (2015). 'From statutory provider to housing delivery enabler: Review into the local authority role in housing supply' <https://www.gov.uk/government/publications/review-into-the-local-authority-role-in-housing-supply>

²⁴ Clifford et al. (2018). 'Impact of extending development rights to office-to-residential change' <https://www.rics.org/uk/news-insight/research/research-reports/assessing-the-impacts-of-extending-permitted-development-rights-to-office-to-residential-change-of-use-in-england/>

²⁵ LGA (2018). '10,000 affordable homes potentially lost through office conversions' <https://www.local.gov.uk/about/news/10000-affordable-homes-potentially-lost-through-office-conversions>

least 10% of any market scheme, based on the viability assessment for any development with exemptions for smaller sites and those where there have been other permitted development changes, for example office to residential conversions.

The revised NPPF requires that the quantity of land identified for each local plan is to be calculated using a specific method known as the Housing Delivery Test, which is entirely for market-based housing. There is also a requirement for viability testing of the whole plan and some like MB Wakefield are already engaging in this process²⁶. There is no test for the other parts of the housing market identified in either the specific needs element of the revised NPPF nor the Letwin Review, market, social, affordable and special needs including key worker housing²⁷. Where developers have not built out the requisite volume of housing in their areas, local authorities will be held responsible for this although they have no legal control over build out rates of the private sector developers, as later pointed out by the National Audit Office (NAO)²⁸. The revised NPPF also provides local plans with one new tool which is a deliverability test for housing sites and there is some evidence that this is being used in practice by some local authorities such as those in Oxfordshire. Here, in order to have their sites included within the five-year land supply, developers and land owners/promoters are being asked to state their expected profit margin for their proposed developments on the understanding that those seeking larger profits are likely to be slower in developing than those looking for a smaller margin. In these cases, the developers with the higher profit objectives are being moved down the list as being less likely to deliver quickly. Elsewhere, such as in Plymouth and South Lakeland, annual reviews of site allocations based on intensive and close monitoring of delivery is resulting in housing sites being moved out of the active site allocations as they seem unlikely to deliver the housing supply required in the local plan.

As the Letwin Review demonstrates, this delivery pattern set by private sector developers is entirely set to the rhythm of the market and forcing the pace might be market tampering. Thus, the five-year housing land supply is regarded as a land supply for market housing with some provision of affordable housing provided as developer contributions.

While the revised NPPF strongly advocates that local plans should identify housing need in specific locations and by type of dwellings up to paragraph 62 in the text, after this there are no mechanisms for how these housing needs will be met in practice other than market solution, as demonstrated by the House of Lords Select Committee on Intergenerational Fairness²⁹. Evidence demonstrates that homelessness is growing³⁰ and the NPF/RTPI research demonstrated the strong and growing motivations of local authorities to provide housing directly to meet these and other unmet needs in their areas³¹. The NPPF has provided no planning policy link to the Government's changing housing policies as initially set out in the Housing White Paper in 2017

²⁶ Wakefield Council (2018). 'Initial draft plan'

https://www.wakefield.gov.uk/ldp2036/Initial%20Draft_Volume%201_Development%20Strategy,%20Strategi c%20and%20Local%20Policies%20Web%20Copy.pdf

²⁷ Letwin (2018). 'Independent review of build out: preliminary update'

<https://www.gov.uk/government/publications/independent-review-of-build-out-preliminary-update>

²⁸ NAO (2019). 'Planning for new homes' <https://www.nao.org.uk/report/planning-for-new-homes/>

²⁹ Intergenerational Fairness and Provision Committee <https://www.parliament.uk/intergenerational-fairness>

³⁰ Butler (2018). 'At least 320,000 homeless people in Britain, says Shelter'

<https://www.theguardian.com/society/2018/nov/22/at-least-320000-homeless-people-in-britain-says-shelter>

³¹ Morphet and Clifford (2017). 'Local authority direct provision of housing'

<https://www.rtpi.org.uk/knowledge/better-planning/better-planning-housing-affordability/local-authority-direct-provision-of-housing/>

and Social Housing Green Paper 2018.

So, can local authorities guarantee that the proportion of the housing built in their area is of the type and tenure that matches their housing need through the means of their local plan? The answer emerging from this research is no. At the roundtables, we were given examples, where despite evidence planning, inspectors had not upheld policies for affordable housing requirements in planning appeals, even where plans had been adopted. In one case, the inspector took no recognition of the council's requirement for affordable housing at all. Elsewhere local plans are including major urban extensions but while this may designate the land for this use, the housing is not being developed and much of the delivery is dependent on funding from Homes England rather than the private sector. Allocating land for housing in local plans does not guarantee that it will be built nor that the type and tenure of the housing will address local need, as evidenced in other studies of housing need undertaken by the council will can addressed in any way through the local plan.

Therefore, many local politicians do not regard the planning system as being enough to provide the housing they need for their areas. Local authorities are trying to use the planning system to provide the housing they need by indicating sites in their allocations, housing types for special needs, including students, and considering ways of providing key worker housing. However, all of these approaches may be reliant on the council's direct action through their land ownership or relationships with other organisations, including joint ventures rather than through their local plan policies. Secondly, the revised NPPF provides guidance about the ways in which PRS developments should be treated in the planning system. While the Government has been less concerned with the provision of non-market housing, this has created a long backlog of housing needs that is now exacerbated by homelessness. Given that the revised NPPF position is deaf to both the scale of this issue and the changing overall government policy, it is hard to see how long the revised NPPF can continue without further policy adjustments to meet the pressure for social and affordable housing to be provided. Although removed from the consultation draft, the Government restored the definition of social rent to be used in the revised NPPF after concerns had been expressed by local authorities³², and which is defined as at least 20% below market rent. Representation about this proposed change were made by the Local Government Association³³ as they were concerned about levels of social rent properties falling to a historic low level³⁴. When considering homes for social rent, the numbers completed has fallen in four consecutive years.

The Letwin Review

The review undertaken by Sir Oliver Letwin on housing build out rates was commissioned in the 2017 Budget. His terms of reference were to 'explain the significant gap between housing completions and the amount of land allocated or permissioned in areas of high housing demand and make recommendations for closing it.' It followed on from the Housing White Paper and was

³² Barker (2018). 'Government restores 'social rent' to definition of affordable housing' <https://www.insidehousing.co.uk/news/news/government-restores-social-rent-to-definition-of-affordable-housing-57341>

³³ Conrad (2018). 'LGA in social rents plea' <https://www.themj.co.uk/LGA-in-social-rents-plea/211263>

³⁴ Apps (2018). 'Councils issue social rent warning as supply drops to historic low' https://www.insidehousing.co.uk/news/councils-issue-social-rent-warning-as-supply-drops-to-historic-low-57044?utm_source=Ocean%20Media%20Group&utm_medium=email&utm_campaign=9622618_IH-DAILY-2-7-2018-GR&dm_i=1HH2,5Q8UY,7UMZVR,MBI94,1

tasked with examining the gap between the number of planning permissions for housing being issued by local authorities in England and the number of completions. Letwin was requested to review this gap, to identify what might be causing it and then to make recommendations to the Government. The draft analysis for the review was published in June 2018³⁵. In this, Letwin examined the structure of the housing market and made an assessment of the reasons provided by developers for the gap between permissions and build out rates leading to housing completions. In this analysis, Letwin distinguished between the private market for sale from the new or secondary markets and other markets for social and private rent and affordable rent.

In his work, Letwin chose to focus on larger sites on which new housing is developed. He did not pursue the issues for the other parts of the housing market identified in his preliminary findings and this is where his final recommendations were made³⁶. However, in his draft report, Letwin made some significant conclusions about the operation of the housing market and its relationship to the planning system. The review focused on the absorption rate for housing being the critical element in moderating delivery at the local level. This is that housing completions are dependent on the rates of sales in any area consistent with the maintenance of housing values in the existing secondary market. The draft analysis of the review found that there was a median rate of 15.5 years for build out on very large sites and continued to examine why this might be the case. The review team were told by developers they met that the absorption or sales rate varied by location although the review also found that smaller housing sites were built out more rapidly. In his review, Letwin focused on the ways in which larger sites could be developed more rapidly within the current system. He then looked at the reasons given for slow build out and what might be done to increase this.

In his assessment of the speed with which planning permissions are turned into housing completions, Letwin considered the development process. In this, he examined the issues of land purchase and its residual value after other costs had been considered. The price of the land reflects what could be achieved for the price of each completed dwelling and in turn this is related to the prevailing levels of sale prices achieved on the secondary market. It did not consider the levels of profit that may be included within this assessment. While acknowledging that the price for land would include some contribution towards achieving the NPPF standard of 10% market homes within this price margin, Letwin did not consider what the price of land would be if the type of housing that was restricted to a specific mix of affordable and market housing, rather than a residual function of viability assessments for the development.

Letwin's approach to encouraging developers to build out large sites more rapidly is to differentiate the type of housing provided within them. Letwin stated that the current low build out rates relate to homogenous housing being developed on large sites and that this is a product of the structure of the housing market and how housing is delivered. In his analysis, Letwin found six types of housing market operating in each local area and that these markets were separate and not overlapping:

³⁵ Letwin (2018). 'Independent Review of Build Out Rates: Draft Analysis'
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/718878/Build_Out_Review_Draft_Analysis.pdf

³⁶ Letwin (2018). 'Independent Review of Build Out: Final Report'
<https://www.gov.uk/government/publications/independent-review-of-build-out-final-report>

- Housing for sale;
- Market rented private housing;
- Social rented housing;
- Affordable rented housing;
- Special needs and key worker housing;
- Custom and self-build.

However, he also found that providing the levers to deliver an adequate supply of each type by location was difficult and in effect the planning system was primarily providing market housing for sale, which might go immediately into the private rental sector.

The Letwin Review found that the planning system could provide up to 10% of the total housing specified for affordable rent as set out in the NPPF and some special needs housing including for older people and for students. However, even though this was not the primary focus of his review, he found that none of these housing market sectors were working very efficiently. In effect, he found that the way to improve housing build out rates would be to build housing for all the market sectors in relation to local need. Letwin pointed out that this approach to providing housing by tenure and type, as required to meet local housing need, is set out in the revised NPPF (paragraph 61) but by careful quotations, did not reflect the next paragraph's statement that affordable housing was only to be provided by residual market funding and then that these should be for affordable home ownership rather than affordable or social rent. Having identified the full range of requirements in the housing market and that meeting these needs across all housing market sectors would speed the delivery of housing. Letwin makes no recommendations on the methods that could be used to achieve this in practice across all sites.

Letwin's proposals in his final report only related to large sites and did not offer any ways of controlling the mix of development on each site other than direct intervention by local authorities as occurs in other parts of Europe. While Letwin indicates that the outcome of market development is homogenous and that this needs to be more mixed if there are to be faster build out rates, the mechanisms that are suggested in his final report appear to rely on specific public interventions using the form of urban development corporations or other similar vehicles, which are only available to larger local authorities or combined authorities.

Letwin also considered the blockages to the speedier build out of housing as set out by private house builders. These included failures to provide adequate infrastructure including roads and social facilities, stated delays in finalising planning agreements, the lack of availability of capital, land condition and the need for remediation, delays by utility companies and lack of both skilled labour and building materials. Of these, Letwin was able to find some concerns for example about utilities but was not able to find any evidence that any of these factors had caused delays in development. When reviewing housing finance, Letwin found that housing developers had very low gearing in their companies and could raise more extensive credit, but they rarely do this as they already have adequate cashflows to finance development.

Letwin also considered the issue of land banking, and his response to this was to suggest that there should be more variation of type and tenure within large sites but there are no planning or other tools that can ensure that this occurs. Letwin concluded in the interim report that the only sectors in the market that are being served by the planning system are market housing and some

affordable housing. The others are not supported through planning policy in local plans and are not able to be provided easily through the planning system. Despite some additional funding being provided for housing associations and local authorities through specific schemes offered by Homes England outside London and, in London, by the Mayor, there has been no recognition of these changes in funding patterns for social and affordable housing within the planning system. While land identified in five-year land supplies in local plans remains undesignated by tenure and type, then there is some potential for competition between providers for the use of land and an expectation that social and affordable tenures will find it difficult to deliver when the system does not recognise these changes in wider government policy.

Letwin's final report was published in October 2018³⁷. There have been many comments and criticism of the Letwin Review not least on its narrowed focus on large sites in the final report. It is also the case that the Government has already indicated that it will not be implementing some of the recommendations made while the response to the whole review has been considerably delayed³⁸.

Other policy issues

Local authority commercial investment

As local authorities have been seeking to generate more income to replace the shortfall created by the abolition of the Revenue Support Grant in 2020, a number have established property companies that have primarily invested in commercial and retail development. In this way councils have been acting in the same way as patient investors and pension funds that rely on rents to meet payments to their beneficiaries. This increased activity in the market has been met with considerable criticism by existing property investors³⁹ who have objected to the opportunity available to local authorities to borrow funds at below market rates from the Public Works Loans Board in comparison with private investors.

Local authority engagement in property investment has also been viewed as a market disruptor by existing investors and they have been pressing the Government to act to stop or reduce the role of local authority property companies. In response, Chartered Institute of Public Finance and Accountancy (CIPFA) has offered advice about the way in which local authorities should consider the risk of such investment and have pointed out that investment in housing is less risky⁴⁰. The Government has also provided new advice⁴¹, which does not seem to provide any real break on local authority commercial property development in practice. At the same time, HM Treasury has

³⁷ Letwin (2018). 'Independent Review of Build Out: Final Report'
<https://www.gov.uk/government/publications/independent-review-of-build-out-final-report>

³⁸ Champ (2019). 'Government response to Letwin's review likely to be weeks overdue'
<https://www.building.co.uk/news/government-response-to-letwins-review-likely-to-be-weeks-overdue/5098198.article>

³⁹ Pickard and Evans (2018). 'Local councils ramp up exposure to commercial property'
<https://www.ft.com/content/5dcd8fa6-d1e7-11e8-a9f2-7574db66bcd5>

⁴⁰ Peebles (2018). 'Investing in commercial property and the need for new guidance'
<https://www.cipfa.org/cipfa-thinks/cipfa-thinks-articles/investing-in-commercial-property-and-the-need-for-new-guidance>

⁴¹ The Financial Sustainability of Local Authorities (2018). 'Statutory Guidance On Local Government Investments (3rd Edition)'
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/678866/Guidance_on_local_government_investments.pdf

extended the loan periods at which lower interest rates are charged by the Public Works Loans Board (PWLB), thus making loans and investment more attractive to local authorities. The number and value of local authority loans from the PWLB is increasing⁴². Some councils such as Colchester were involved in the Icelandic Bank issue and although the council has established a trading company it is still alert to the risks that this may bring.

National Audit Office review of government's policy on planning for housing

The National Audit Office (NAO) review of the implementation of the Government's policy to deliver 300,000 homes per year by the mid-2020s has examined the policies and initiatives in place to achieve this end. The Review examines the planning tools that the Government is using to achieve these numbers including local plans and the role of planning applications and appeals. It also considers the way in which infrastructure is provided to support this new housing. The NAO points to the fact that there is a wide gap between local authority assessments of housing need and the way that housing supply is calculated in local plans. The NAO concludes that the coordination between central government departments to support housing delivery is poor, the system that supports local authorities in the negotiation for infrastructure contributions from developers is not working well and that developers are also using the system to pay less contributions than have been previously agreed.

The NAO has also found that while developer profits have increased along with house prices, the levels of contributions have reduced. As the summary report states:

'The Department estimates that average contributions agreed with developers remained in cash terms at around £19,000 per new home permissioned between 2011-12 and 2016-17. In contrast, over the same period, average house prices increased in cash terms by 31% and the top five developers' average operating profit margins increased from around 12% to 21% between 2012 and 2016. The Department estimated that in 2016-17, local authorities and developers agreed contributions of £6 billion to the cost of infrastructure and affordable housing through the Levy and section 106 agreements. However, the actual contribution developers make will be lower as developers will not build everything that local authorities approved, and developers may renegotiate lower contributions during the build⁴³.'

The NAO have also concluded that the Government does not understand the effect of skill shortages in planning and the staffing issues in the Planning Inspectorate National Service (PINS).

The NAO recommendations are:

The Department's new National Planning Policy Framework is an important step in planning policy. It is too early to tell whether the changes it introduces will be effective. The following recommendations are for the Department to implement alongside the framework to help the planning system to work more effectively.

a The Department needs to regularly monitor the gap between the number calculated by

⁴² PWLB (2019). 'Loans Advanced – Monthly' <https://www.dmo.gov.uk/responsibilities/local-authority-lending-pwlb/monthly-loans-report/>

⁴³ NAO (2019). 'Planning for new homes' <https://www.nao.org.uk/wp-content/uploads/2019/02/Planning-for-new-homes-Summary.pdf> (p 11)

the standard method, local authorities' own assessment and the ambition for 300,000 new homes and assess the risks of not meeting its ambition.

b The Department needs to assess the numbers of, and the potential implications for, local authorities that are at risk of failing the housing delivery test and set out how it will support those local authorities.

c The Department's performance metrics for local authorities and the Planning Inspectorate for dealing with planning applications and appeals need to reflect performance more fully, the process in its entirety and take capacity into account.

d The Department needs to work with local authorities and other government departments to ensure that the necessary infrastructure is funded and delivered.

e The Department should work with industry bodies on detailed research on the skills gaps in local authorities' planning teams, particularly on the shortages of experienced planners with specialist skills sets.⁴⁴

Labour Party housing policy

In April 2018, the Labour Party published a Green Paper on housing policy, *Housing for the many*⁴⁵. This set out the Labour Party's commitment to providing more affordable homes if they come to power, including the reform of the definition of affordable rent to link it with income. The Green Paper also gave commitments to safe homes, which is seen to be an important policy pledge in a post-Grenfell world. The paper also makes a commitment to end Right to Buy for council tenants. It also pledged to make a new duty on planning to provide affordable homes and close the viability loophole. Finally, it proposed the establishment of an English sovereign land trust to provide land or housing at a lower price than currently available.

Changing roles of housing associations

As noted above, the role of housing associations is changing not least since the Government changed their financial code in 2017 and moved their accounts outside the public sector. Through mergers and acquisitions, many smaller housing associations have become part of larger groups and while this has some benefits in increasing financial leverage for investment, it has also frustrated many councillors who feel that the links that were held with small local housing associations to which they transferred their stock have now been broken. They are also concerned that the local rent roll is being invested elsewhere. There has also been a rise in for-profit housing associations. Lastly some councils are now establishing housing associations such as LB Lambeth⁴⁶, even where they remain as stockholders with a Housing Revenue Account. Some councils that have transferred their stock are establishing registered providers in order to access

⁴⁴ NAO (2019). 'Planning for new homes' <https://www.nao.org.uk/wp-content/uploads/2019/02/Planning-for-new-homes-Summary.pdf> (p 12)

⁴⁵ The Labour Party (2018). 'Housing For The Many: A Labour Party Green Paper' <https://labour.org.uk/issues/housing-for-the-many/>

⁴⁶ Simpson (2019). 'Lambeth Council-owned company secures housing association status' <https://www.insidehousing.co.uk/home/home/lambeth-council-owned-company-secures-housing-association-status-60740>

housing funds from Homes England.

As housing associations have grown, they have changed their roles to ones more focussed on development for sale and market rent. Some housing associations had been divesting social rent properties while some are using these divestments of social rented properties in higher value locations fund their other development activities rather than replace social rent properties. Another trend we found in the research undertaken in 2017 is that many housing associations will no longer stake on affordable properties that councils have negotiated as part of S.106 agreements leaving councils with these properties to manage directly.

Another pressure for change that has emerged is that of Brexit with raises concerns about both the market and a loss of a skilled labour force. In terms of the market, there have been frequent reports of housing associations selling large packages of homes to single purchasers or transferring their properties from sale to market rent thus slowing down their opportunities for future development programmes. As some housing associations are concerned about skill shortages, they are turning to establishing factories to create homes using modern methods of construction such as the case of Swan Housing⁴⁷.

While operating within this changing context, some housing association are concerned with specific markets such as providing housing in rural areas or in addressing fuel poverty. Schemes by Hastoe housing association for example have been used to address this need through passive housing⁴⁸ and in other cases there has been housing cross-subsidy to maintain local facilities such as a pub.

Some housing associations and councils are establishing Community Benefit Societies (CBS), which are organizations registered with the Financial Conduct Authority and their objective is meeting community needs⁴⁹. There are examples in The London Borough of Southwark⁵⁰ while The London Borough of Tower Hamlets and the Royal Borough of Kingston upon Thames⁵¹ have used them to supply homes for homeless people. In Horsham, Saxon Weald, which was established to take the council's stock transfer, has converted to a CBS in order to save money⁵². In Suffolk, the former Southwold Community Hospital has been purchased by Hastoe housing association from the NHS and has a range of community uses within it through the establishment of a CBS⁵³.

⁴⁷ Swan Housing Association (2017). 'Swan Delivers The First Of Their Modular Homes To Site In Basildon' <https://www.swan.org.uk/home/news/swan-delivers-the-first-of-their-modular-homes-to-site-in-basildon.aspx>

⁴⁸ Ingham (2018). 'Wimbish Passivhaus Development: Performance Evaluation' <https://www.hastoe.com/page/1019/Hastoe-Passivhaus-Homes-record-top-performance.aspx>

⁴⁹ Financial Conduct Authority (2015). 'Co-operative and Community Benefit Societies Act 2014' <https://www.fca.org.uk/firms/registered-societies-introduction/co-operative-community-benefit-societies-act-2014>

⁵⁰ CLH Toolkit (2018). 'Leathermarket Community Benefit Society, Southwark' <http://clhtoolkit.org/snapshots/leathermarket-community-benefit-society-southwark>

⁵¹ Lawton (2018). 'Creation of a Community Benefit Society (CBS)' <https://moderngov.kingston.gov.uk/documents/s75859/CBS.pdf>

⁵² Barratt (2018). 'Stock transfer housing association to convert to community benefit society' <https://www.insidehousing.co.uk/news/news/stock-transfer-housing-association-to-convert-to-community-benefit-society-59265>

⁵³ Newsroom (2018). 'Resort's hospital is first in country to be 'bought back' for community use' <https://www.eadt.co.uk/news/southwold-hospital-first-in-the-country-to-be-bought-back-for-community-use-1-5414276>

Discussion: So, where are we on government policy?

The Government's major policy initiatives during 2018 and early 2019 for the planning system's focus on the delivery of market housing is now sitting uncomfortably alongside the Government's policies for greater delivery of social and affordable housing through Homes England and the Mayor of London's partnership agreements with housing associations and local authorities. The Housing and Planning Minister has stated that there are insufficient homes for social rent being delivered but has not considered changing the planning system to enable greater delivery to occur. While the reforms in the funding regimes will support the delivery of more social and affordable homes, the default position for this type of home to be provided through the planning system is through developers' contributions. The identification of five-year land supplies does not provide a mechanism to identify the tenure or type of dwelling and is fundamentally dislocated from the assessment of all housing needs in an area. The Letwin Review identified this issue in its interim report but did not follow through on the consequences of this failure to recognise the four housing markets in the planning system in its final report.

While the volume housebuilders are providing approximately 150,000 dwelling per year, they are supportive of the role of local authorities and housing associations in meeting the requirements set at 300,000 per annum by the Government, although they do not want there to be any direct competition. However, while the planning system is dependent on the market for delivery of all types of housing, analysis has shown that the number of new social rented homes being provided each year is falling while Right to Buy properties are not being replaced. There are also concerns about the type of dwellings being provided through planning policy including the failure to provide a mix that meets local housing need. While the Government's removal of the Housing Revenue Account debt cap in 2018 will help some local authorities with a Housing Revenue Account to obtain more loans to provide more council housing. This applies to only approximately 50% of local authorities. Those councils that have transferred their housing stock remain interested to know what kinds of other financial support the Government is going to bring forward to them to provide homes for social and affordable rents if they do not wish to re-open a Housing Revenue Account. For some local authorities, the option to become a registered provider so being a housing association is one route that is being considered. Others are building homes using the general fund and other powers outside the 1985 Housing Act.

In 2019, the main issue facing local authorities in providing housing in their areas is the dislocated and dysfunctional relationship between the Government's planning and housing policies. In conclusion, since 2017 there have been changes in government housing and planning policies, but they are not in alignment and they are not providing any additionality through working together in the same system. Perhaps unsurprisingly, local authorities are continuing their engagement in direct delivery of housing.

3. What has changed? The housing market

In this section, we review of the changes in the housing market since the NPF/RTPI Report (2017).

Supply

Land

While the supply of land continues to be identified as a major restriction on house building in all sectors of the housing market, the pressure to build homes is bringing a renewed approach to identifying the type of sites that can be considered. In local authorities that are engaging in direct delivery of housing, the GL Hearn survey (2019) has shown that 95% of local authorities are building on land that is in their ownership. In some cases, this is on smaller sites that are unattractive to other builders and some local authorities have planning policies aimed at small sites including Cornwall⁵⁴ and Bristol⁵⁵. Croydon has also prepared a supplementary planning document (SPD) for windfall and other types of small site redevelopment in suburban areas⁵⁶ that is being used in negotiation with developers seeking to avoid planning contributions by offering lower housing numbers for development on their sites.

In the private sector, there has been a sustained interest in agricultural land being brought into housing use⁵⁷. On brownfield sites, land such as that owned by major food retailers is being redeveloped for housing using upper floors⁵⁸ while car parks and industrial land⁵⁹ are also being developed with housing on upper floors⁶⁰. Another use that is being considered for housing is

⁵⁴ Cornwall Council (2015). 'Cornwall Affordable Housing Supplementary Planning Document (SPD)' <https://www.cornwall.gov.uk/media/14384453/affordable-housing-spd-local-plan-supporting-document-draft-march-2015.pdf>

⁵⁵ Bristol City Council (2018). 'URBAN LIVING SPD: Making successful places at higher densities' https://bristol.citizenspace.com/business-change/urban-living-supplementary-planning-document/user_uploads/urban-living-spd--making-successful-places-at-higher-densities-august-2018-consultation-version-1.pdf

⁵⁶ Croydon Council (2018). 'Suburban Design Guide: Draft Supplementary Planning Document' https://www.croydon.gov.uk/sites/default/files/articles/downloads/SPD2_Chapter%201_Introduction.pdf

⁵⁷ Pike (2015). 'Farmland hits £1m/acre for housing' <https://www.fwi.co.uk/business/housing-need-pushes-farmland-1macre>

⁵⁸ Spittles (2017). 'Supermarket sweep: thousands of new London homes could be built above stores — and Tesco is leading the charge' <https://www.homesandproperty.co.uk/property-news/buying/new-homes/thousands-of-new-london-homes-could-be-built-above-stores-and-tesco-is-leading-the-charge-a114431.html>

⁵⁹ We Made That (2018). 'Industrial Intensification and Co-location Study: Design and Delivery Testing' https://www.london.gov.uk/sites/default/files/136_industrial_intensification_and_co-location_study_-_design_and_delivery_testing_reduced_size.pdf

⁶⁰ Barratt London (2014). 'Fulham Riverside wins at WhatHouse?' <https://www.barratthomes.co.uk/new-homes/London/news/news-archive/fulham-riverside-wins-bronze-partnership-award/> ; Construction New 'Barratt to redevelop £450m Sainsbury's Nine Elms scheme' <https://www.constructionnews.co.uk/markets/sectors/housing/barratt-to-redevelop-450m-sainsburys-nine-elms-scheme/8642462.article> ; Jessel (2016). '700-home development planned in overhaul of Morrison's supermarket site in Chalk Farm' <http://camdennewjournal.com/article/700-home-development-planned-in-overhaul-of-morrison-supermarket-site-in-chalk-farm>

above car showrooms⁶¹. The Mayor of London has provided a loan to a company to explore how additional floors on residential buildings can be added to be used for housing⁶². Some retailers are building mixed developments as part of their case for new retail stores⁶³. In Bournemouth, the council is developing its own carparks with housing above to maximise the use of the land⁶⁴ and there is potential to undertake similar development elsewhere⁶⁵.

This approach to identifying sites has been used by Manchester City Council, which has established a schedule of all surplus land and this is valued for development each year. Other councils have told us that they have reviewed up to one thousand sites in their own ownership and many have several hundred. What some councils have told us is that formerly, only sites identified for housing had been considered rather than the whole land holding, and many councils are now reviewing sites that had formerly been considered too small or in the wrong location. Some councils are undertaking these reviews with in-house designers or development surveyors who have been able to identify how sites could be used to deliver housing. Smaller sites may also be used to support smaller local builders in the local economy.

Local authority delivery

As the desk survey published with this report and the direct survey undertaken for GL Hearn (2019) both demonstrate, local authorities are continuing to increase their volume of housing provision. While for some councils – such as York – the removal in the Housing Revenue Account debt cap is leading to new social housing delivery for the first time in many years,⁶⁶ for others it has enabled the development of schemes that were already being considered (as in Southwark)⁶⁷. Local authorities are also expanding their own delivery outside the Housing Revenue Account and this includes the establishment of their own companies and the use of joint ventures with developers, housing associations or other public bodies. Some councils are building housing using the general fund and not holding these homes in a company⁶⁸.

Local authorities have several ways in which they can hold housing within their ownership. The three main ones are within the Housing Act 1985 Part II and any homes held within this provision, regardless of tenure, must be held within a Housing Revenue Account. In practice, a council can

⁶¹ Car Dealer News (2019). 'Lookers opens Volkswagen Battersea in a London housing project' <https://www.am-online.com/news/dealer-news/2019/01/25/lookers-opens-battersea-volkswagen-in-a-housing-development>

⁶² Greenland (2019). 'Apex Airspace secures £10m loan from mayor of London' https://www.developmentfinancetoday.co.uk/article-desc-7131_apex-airspace-secures-%C2%A310m-loan-from-mayor-of-london

⁶³ Butler (2018). 'Discount grocer Lidl plans to build 3,000 homes and a school' <https://www.theguardian.com/business/2018/jul/29/discount-grocer-lidl-plans-build-3000-homes-school-planning-permission-new-stores>

⁶⁴ Wright (2018). 'Flats to be built at Eden Glen car park' <https://www.bournemouthecho.co.uk/news/17213038.flats-to-be-built-at-eden-glen-car-park/>

⁶⁵ Whitten (2017). 'Car Parks to Residential: Driving Innovation' <http://residential.jll.co.uk/insights/research/carparks-to-residential-driving-innovation-january-2017>

⁶⁶ Brittain (2019). 'Building More Homes for York - Removal of the HRA Borrowing Cap' <https://democracy.york.gov.uk/ieDecisionDetails.aspx?AllId=50870>

⁶⁷ Southwark Council (2015). '11,000 new council homes - design and neighbourhoods' <https://consultations.southwark.gov.uk/housing-community-services-department-community-engagement-team/11-000-new-council-homes-design-and-neighbourhoods/>

⁶⁸ Plymouth City Council (2016). 'Plan For Homes: 2016 - 2021' <https://www.plymouth.gov.uk/home/homesandproperty/ourplanshousingandhomes/ourplanbuildinghomes>

hold up to 200 homes using this legal provision without opening a Housing Revenue Account if they do not have one, but they are required to obtain permission for this from MHCLG, which is a formality. Councils can also hold housing for commercial reasons – that is to generate income. This housing might be held within a property or development company and can be for all tenures and can be let at social rent although not with the same security of tenure as those provided using the Housing Act 1985. This might be done using Sections 1-7 of the Localism Act 2011. The third main way that councils can hold housing is to support wellbeing purposes within Section 2 of the Local Government Act 2000. In this case, homes might be held in specific tenures or locations to meet the wellbeing of the area including the need to support economic and social objectives and may also be offered at social rent but without the same security of tenure as those held under the Housing Act 1985. Only tenants of homes held within the Housing Act 1985 powers are eligible for Right to Buy. If councils use the other powers to hold housing, then it can offer rolling tenancies of up to five years⁶⁹ although L&Q and other housing associations are now extending their tenancies from fixed terms to lifetimes⁷⁰.

Private sector delivery

Private sector delivery of homes has continued at a steady rate supported by the Government's Help to Buy scheme, which provides loans to reduce the initial costs of house purchase for new properties of these with an income of £80,000 per annum or less. Estimates show that a third of housebuilders private sales are supported by this government scheme⁷¹. The National Audit Office has undertaken a review of the effectiveness of Help to Buy and found that the majority of those using the scheme would have been able to afford to purchase a home without it.⁷² While this has supported increased completions⁷³, the Chancellor of the Exchequer has announced that the scheme will end in 2023. Further there have been public anxieties about the scale of Help to Buy funding which has supported remuneration packages for staff such as that for Persimmon⁷⁴, particularly when there have been major quality concerns about their products across the country. A second housebuilder, Taylor Wimpey, has also seen an increase in profits despite the public concerns about leasing rather freehold sales of their properties, which have included ratcheting costs⁷⁵. The Government has said that it will consider excluding Persimmon from its Help to Buy

⁶⁹ LBBd (2018). 'Affordable rents – Reside Housing' <https://www.lbbd.gov.uk/affordable-rents-reside-housing>

⁷⁰ L&Q (2018). 'L&Q to end Fixed Term Tenancies to give greater security to social housing residents' <https://www.lqgroup.org.uk/about/media-centre/news/details/135>

⁷¹ Help to Buy <https://www.helptobuy.gov.uk/>

⁷² National Audit Office (2019). 'Help to Buy: Equity Loan scheme – progress review' <https://www.nao.org.uk/report/help-to-buy-equity-loan-scheme-progress-review/>

⁷³ Monaghan and Kollwe (2018). 'Bellway on track to build more than 10,000 homes this year' www.theguardian.com/business/2018/mar/20/bellway-on-track-to-build-more-than-10000-homes?CMP=Share_AndroidApp_Gmail

⁷⁴ Neate (2019). 'Outrage as help-to-buy boosts Persimmon profits to £1bn' https://www.theguardian.com/business/2019/feb/26/persimmon-profits-help-to-buy-scheme?CMP=Share_AndroidApp_Gmail

⁷⁵ Read (2018). 'House owners rue leasehold purchases' <https://www.bbc.co.uk/news/business-45431914>; Kirkman (2018). 'Leasehold pain continues for homeowners: Less than a tenth of the Taylor Wimpey redress fund had gone to helping customers by summer' <https://www.thisismoney.co.uk/money/mortgageshome/article-6043987/Taylor-Wimpeys-leasehold-scandal-redress-fund-spent-one-tenth-budget.html>

scheme⁷⁶. In response to a Parliamentary Select Committee⁷⁷, the Government has also said that it will outlaw these leasing deals, but no action has been taken yet.

In the NPF/RTPI Report (2017), concerns were expressed by local authorities about the low build out rates of developers and this again provides a continuing motivation for local authorities to build housing directly. There have been further studies on the issue of unimplemented planning permissions held by developers in comparison to their build out rates⁷⁸, which remain a concern to local authorities. As the NAO report has demonstrated, the number of affordable homes being provided by housing developers as part of their development contributions has reduced while their profits have increased. The head of Berkeley homes has stated that affordable contributions are making developments unviable and has reduced contributions on all its London sites although he has been given £174m in salary and benefits⁷⁹.

Registered providers

In the period since December 2017, the role of housing associations now more frequently called registered providers has continued to change. There have been continuing mergers to create larger associations and reduce the number of smaller registered providers, often at a very fast pace⁸⁰. This has meant that in some locations, the local authority relationships with local registered providers are not as close as they were particularly where developments are small. Also, local authorities that sold their housing stock to local registered providers are now finding that the development focus supported by rental income is no longer on their area and priorities of these newly managed registered providers are elsewhere. Further, some registered providers no longer want to take on affordable properties provided to local authorities through S.106 agreements although, as our surveys demonstrate, there are many partnership relationships between local authorities and registered providers.

Some registered providers have also purchased land supply companies to ensure a pipeline for their own development⁸¹. Registered providers are also changing their portfolios. They are building more housing for sale although in locations such as London some registered providers have been caught by a reduction in sales and must consider other options including changing their financing to use properties for market rent. Where this is the case, the capital repayments will be over a longer period and this might slow down the wider registered provider development programme. In

⁷⁶ BBC News (2019). 'Persimmon's shares hit by Help to Buy fears' https://www.bbc.co.uk/news/business-47356378?ocid=socialflow_twitter; Davies (2018). 'Persimmon chief's £75m bonus 'almost unfathomable' – Raab' https://www.theguardian.com/business/2018/mar/12/persimmon-chief-bonus-raab-housing-help-to-buy?CMP=Share_AndroidApp_Gmail

⁷⁷ House of Commons (2019). 'Leasehold Reform: Twelfth Report of Session 2017–19' <https://www.parliament.uk/business/committees/committees-a-z/commons-select/housing-communities-and-local-government-committee/inquiries/parliament-2017/leasehold-reform-17-19/>

⁷⁸ Elgot (2018). 'Developers hog land for record 130,000 homes, analysis reveals' <https://www.theguardian.com/society/2018/oct/25/developers-hog-land-for-record-130000-homes-analysis-reveals>

⁷⁹ Neate, Mathiason and Turner (2018). 'Berkeley calls affordable housing targets 'unviable' as chairman earns £174m' https://www.theguardian.com/business/2018/sep/03/berkeley-calls-affordable-housing-targets-unviable-as-chairman-earns-174m?CMP=Share_AndroidApp_Gmail

⁸⁰ Barker (2018). 'Housing association in talks for second merger in four months' <https://www.insidehousing.co.uk/news/news/housing-association-in-talks-for-second-merger-in-four-months-55509>

⁸¹ Evans (2017). 'Housing association to buy £500m commercial land business' <https://www.ft.com/content/cbea7aa8-e7c4-11e6-893c-082c54a7f539>

May 2019, L&Q, one of the largest housing associations, warned that their financial surplus had halved in the last year⁸². Other registered providers have been selling new property to local authorities and this trend may continue. The larger registered providers are seeking more significant relationships with local authorities such as that between Places for People and Surrey County Council, which is worth £1.5bn and lasts 15 years⁸³. It could provide up to 10,000 homes on 35 sites across the county.

There is also another trend in that there are several for-profit registered providers established by the private sector. These include Legal and General, Sage, Grainger and British Land⁸⁴. The changes in legislation in 2008 means that these registered providers must be registered but traditional housing associations are concerned that this means that these for-profit registered providers will be eligible to receive local authority s106 properties and they may sully the reputation of their housing association brand.

Affordable homes

In the period since the last research was undertaken in 2017, the uncertainties in the market, particularly related to Brexit have increased. These uncertainties have related to finance, labour force to construct housing, professional skills and shifts in the proportions of dwellings in each tenure type overall. Levels of construction have reduced⁸⁵. While planning permissions have increased, the volume of housing being built has not increased at the same rate. Uncertainties in the market, which is having some influence on the rental or sale process for market housing is expected to have an influence on the levels of Community Infrastructure Levy and s106 that can be collected⁸⁶. As the Town and Country Planning Association's (TCPA) recent study has shown⁸⁷, much of the recent social and affordable housing completed was funded by developers' contributions and indeed this is the Government's preferred model for social and affordable housing funding. Any reduction in these contributions will have a considerable effect on the volume of delivery for this tenure type.

The supply of affordable homes within the planning policies of the Government are becoming more difficult⁸⁸ while demand remains very strong. For example, in Edinburgh, more than 3,000 people

⁸² Wilmore (2019). 'L&Q surplus nearly halves in 'challenging' year' https://www.insidehousing.co.uk/news/lq-surplus-nearly-halves-in-challenging-year-61383?utm_source=Ocean%20Media%20Group&utm_medium=email&utm_campaign=10546798_lh-DAILY-13-5-2019-GR&dm_i=1HH2_6A1YM,UO7QB6,ORZ34,1

⁸³ Hook (2018). 'Surrey CC forms Places for People resi JV' <https://www.propertyweek.com/news/surrey-cc-forms-places-for-people-resi-jv/5098595.article>; Marshall (2018). 'Places for People lands £1.5bn housing JV' <https://www.building.co.uk/news/places-for-people-lands-15bn-housing-jv/5094879.article>

⁸⁴ Curry (2018). 'New kids on the block: why for-profit providers are making housing associations nervous' <https://www.insidehousing.co.uk/insight/insight/new-kids-on-the-block-why-for-profit-providers-are-making-housing-associations-nervous-57923>

⁸⁵ BBC News (2018). 'UK construction output in biggest fall since 2012' <https://www.bbc.co.uk/news/business-43342505>

⁸⁶ Kollwe (2018). 'Property downturn could reduce number of affordable homes built by 25%' https://www.theguardian.com/business/2018/nov/26/property-downturn-could-halve-building-of-affordable-homes-savills?CMP=Share_AndroidApp_Gmail;

⁸⁷ TCPA and Nationwide (2018). 'Planning for Affordable Housing' <https://www.tcpa.org.uk/planning-for-affordable-housing-report>

⁸⁸ Shelter (2018). 'Shelter briefing: Building more affordable homes' http://england.shelter.org.uk/_data/assets/pdf_file/0011/1597709/2018_10_19_Shelter_briefing_-_Building_more_affordable_homes_.pdf

applied for 138 affordable homes.⁸⁹ This is for several reasons including the increase in permitted development. The Local Government Association has assessed that local authorities have missed the provision of 10,000 homes since 2015 because of permitted development allowing offices to be converted for residential use without the need for planning consent⁹⁰.

Another major concern is that, since the first publication of the revised NPPF in 2018, the definition of affordable housing had become blurred. While most people might consider that affordable housing is for social rent, the NPPF means that in practical terms affordable housing means shared ownership. The definition of social housing has been subsequently restored to the revised NPPF. There are some councils and companies that are finding that building affordable homes at scale can still make some return. There are several companies that are investing in affordable housing as a tenure offer rather than as a residual tenure from market sale⁹¹. Pocket Living has joined up with Optivo on several London sites where two types of affordable tenure are available within the same development⁹².

The provision of social rented homes still needs some subsidy provided by Homes England and the Mayor of London. In a recent offer to London boroughs, the Mayor had a scheme where councils could bid for funds to build social rent homes⁹³. Initially it was considered only to be available to those boroughs with a Housing Revenue Account. However, after consideration it was extended to non-stock holding authorities if they went into partnership with a registered provider to manage these homes.

Some councils are providing affordable homes by bringing together a range of funding that they have collected from commuted sums through s106 agreements. Derbyshire Dales District Council is currently providing more than 500 homes through a range of means and working with the private sector and housing developers⁹⁴ which is a significant addition to the number of affordable homes that the council was providing in 2015.

While the planning mechanisms for providing affordable homes appear to be under more threat through re-negotiation of extant planning consents from a low base, local authorities are now becoming more engaged in the provision of affordable homes through other means. By April 2018, the Mayor of London had increased the number of affordable housing starts by 40% compared

⁸⁹ Gourley (2018). 'More than 3,000 people apply for 138 affordable homes in Edinburgh' https://www.insider.co.uk/news/rettie-co-affordable-housing-edinburgh-13231451?utm_source=twitter.com&utm_medium=social&utm_campaign=sharebar

⁹⁰ Sharman (2018). 'Permitted development rules are exacerbating affordable housing crisis, councils warn' <https://www.localgov.co.uk/Permitted-development-rules-are-exacerbating-affordable-housing-crisis-councils-warn/46448>

⁹¹ McCabe (2018). 'The development that is 100% affordable housing' <https://www.insidehousing.co.uk/insight/insight/the-development-that-is-100-affordable-housing-57334>

⁹² Pocket Living (2018). 'How do you build a 100% affordable development?' https://www.pocketliving.com/bucket/pocket/documents/Inside%20Housing%20Pocket%20Optivo%20interview%20003_5b5b01bdb4aa5.pdf

⁹³ GLA (2018). 'Mayor agrees £1 billion plan to build 11,000 new council homes' <https://www.london.gov.uk/press-releases/mayoral/mayor-agrees-1bn-plan-to-build-11000-new-homes>

⁹⁴ Bisknell (2018). 'More than 500 affordable homes are to be build in the Derbyshire Dales to help those struggling to buy a house' <https://www.matlockmercury.co.uk/news/more-than-500-affordable-homes-are-to-be-build-in-the-derbyshire-dales-to-help-those-struggling-to-buy-a-house-1-9239201>

with the previous year⁹⁵.

Right to Buy

Many council tenants are continuing to exercise their Right to Buy but the mechanism for using receipts does not allow the replacement of the same number of homes as have been lost. Further, once purchased from the council, former tenants are now selling their properties which are frequently entering the PRS sector and in several locations, councils are renting back properties from the new private owners to use for their homeless. In Salford for example, 13,000 council homes have been lost to Right to Buy which represents 5% of the council's stock⁹⁶. In Manchester, 10,000 homes have been lost and there have been no replacements⁹⁷.

There is also another phenomenon which is that those who exercised the Right to Buy early on and have stayed in their properties are now reaching retirement and are concerned about the costs of potential repairs on their property. Some of these households are approaching the council to seek a council buy-back option so that they can return to be council tenants with a more secure situation. Some councils are buying back properties where there are estate regeneration or property management reasons for doing so. For these older Right to Buy owners, then this may mean moving back into a shared ownership or another tenancy relationship with the council.

When tenants exercise Right to Buy, a portion of the receipts are returned to the council with the intention that these fund replacement homes. Despite government commitments for a 100% replacement of homes sold through Right to Buy, this has never been achieved⁹⁸. The ways in which these receipts are provided back to councils reflect only a portion of the reduced sale price that is available for a short period. It is not possible to use the receipts to achieve a one-for-one replacement of the sold homes. If the Right to Buy receipts are not used within the Government specifications, then they revert to Homes England outside London and to the Mayor of London within London. This has been a source of contention and in London, the Mayor has offered a different approach where, instead of unused receipts going into the Mayor's general housing pot, the unused Right to Buy receipts are placed within the equivalent of a bank account so that councils are able to use them later and they can be used in a way that is less restricted. This approach does not apply outside London. Some councils are using Right to Buy receipts in innovative ways⁹⁹. There has been continued pressure on government to change the current system to allow freedom on the use of these receipts and to retain all the funding that is received. In August 2018, the Government issued a consultation to seek views for the councils and other

⁹⁵ Barratt (2018). 'London mayor funding highest level of affordable housing since 2010'
<https://www.insidehousing.co.uk/news/news/london-mayor-funding-highest-level-of-affordable-housing-since-2010-55868>

⁹⁶ Foster (2018). 'Salford mayor Paul Dennett: 'We've lost around 13,000 council homes''
https://www.theguardian.com/society/2018/oct/30/salford-mayor?CMP=Share_AndroidApp_Gmail

⁹⁷ Williams (2018). 'Calls for 'Right to Buy' policy to be suspended in Greater Manchester - after 5,000 council houses were sold off and no replacements built'
<https://www.manchestereveningnews.co.uk/news/greater-manchester-news/calls-right-buy-policy-suspended-15154742>

⁹⁸ Apps (2018). 'Government breaks promise on Right to Buy replacements'
<https://www.insidehousing.co.uk/news/news/government-breaks-promise-on-right-to-buy-replacements-55559>

⁹⁹ Islington Council (2018). 'Building Genuinely Affordable Housing in EC1 - Use of Right to Buy Receipts'
<https://democracy.islington.gov.uk/documents/s15276/Building%20Genuinely%20Affordable%20Housing%20in%20EC1.pdf>

interested parties on variations on the current use of receipts¹⁰⁰.

Build to rent

While living in rented accommodation is more typical in countries other than the UK, including on mainland Europe and in the US, this has been a less popular tenancy option since the 1930s when there was a surge in rented mansion blocks. However, there has been an increase in development interest in this type of tenure from two main sources. The first is the build to rent market being developed by pension funds including Legal and General¹⁰¹. Places for People, a large registered provider has also set up a build to rent scheme through its investment arm, PfP Capital¹⁰². The second is through the introduction of US companies in the UK with developments for longer term rental tenants who are seeking this form of housing as an alternative to ownership. One development in Wandsworth being promoted by Grey Star Homes is for 894 dwellings¹⁰³. This development also includes 20% affordable homes – 161 apartments – although the revised NPPF has lower expectations of affordable housing being achieved in PRS schemes.

Empty homes

One of the major concerns across England has been the number of empty homes. These are lost to the housing supply and reduce council income as they attract a lower level of council tax¹⁰⁴. In 2018, the BBC made an assessment that there were 11,000 homes in England that had been empty for 10 years or more¹⁰⁵. And, in 2018, there was an estimate made that there were over 200,000 homes empty across England although this is a fall from the 300,000 vacant homes in 2010¹⁰⁶. In some places, such as in the higher priced areas of London, these are empty homes assumed to be 'buy to leave' properties where the owners are only concerned with the rise in their asset value not in rents. Elsewhere in the country, there are empty properties because there has been market failure. Another cause for concern is in second homes that are kept vacant for much of the year with little added value to the local economy. Finally, there are major government owners such as the Ministry of Defence that have vacant housing stock.

Most local authorities now have empty homes initiatives providing support for bringing properties into reasonable order to be let or sold and assisting with rentals and management¹⁰⁷. In 2018, the Government announced that it intended to provide councils with more powers to double the level of

¹⁰⁰ MHCLG (2018). 'Use of receipts from Right to Buy sales'

<https://www.gov.uk/government/consultations/use-of-receipts-from-right-to-buy-sales>

¹⁰¹ LGIM Real Assets (2017). 'LEGAL & GENERAL STARTS ON SITE AT LONDON BTR SCHEME'

<https://www.legalandgeneralcapital.com/media-centre/lg-capital---media-centre---articles---walthamstow-start-on-site.html>

¹⁰² Places for People (2018). 'PfP Capital launches £550 million build-to-rent fund'

<https://www.placesforpeople.co.uk/about-us/news/2018/pfp-capital-launches-550-million-build-to-rent-fund/>

¹⁰³ Wandsworth Council (2017). 'Case file'

<https://planning.wandsworth.gov.uk/WAM/showCaseFile.do?appType=planning&appNumber=2017/6764>

¹⁰⁴ Jayanetti and Savage (2018). 'Tax cuts on empty homes costing cash-strapped councils millions'

https://www.theguardian.com/society/2018/mar/31/council-tax-cuts-empty-homes-costing-millions?CMP=Share_AndroidApp_Gmail

¹⁰⁵ BBC News (2018). 'More than 11,000 UK homes empty for 10 years' <https://www.bbc.co.uk/news/uk-42536418>

¹⁰⁶ Smith (2018). 'Number of empty homes in England rises for the first time in a decade'

<https://www.telegraph.co.uk/property/uk/number-empty-homes-england-rises-first-time-decade/>

¹⁰⁷ No Use Empty <https://www.no-use-empty.org.uk/>;

council tax on empty homes although some councils already charge a 50% premium¹⁰⁸.

Buy to let

The buy to let market is not as buoyant as it was¹⁰⁹, although it appears that it remains active¹¹⁰ with numerous mortgage products available.

Airbnb

In some cities, there are concerns about the loss of residential accommodation to Airbnb. This is an issue in Edinburgh where there has now been a clause included in the title deeds that forbids owners from this type of letting¹¹¹, whilst Camden Council in London has also been taking enforcement action around this issue¹¹².

Housing for older people

Housing for older people is one of the specific categories that can be addressed in the NPPF, although it is less certain how this can be achieved in policy terms. What type of housing do older people want to move to? In some cases, developers are building homes with larger storage accommodation, which has been identified as a major concern for older people downsizing. A survey undertaken for a House of Commons Select Committee found that more than half of older people would consider living in bungalows¹¹³.

Quality

One major concern expressed by local authorities that has increased since 2017 is that of quality. This is particularly about the design and finish of completed housing developments and concern has particularity related to some developers. These issues relate to room sizes, not least in unregulated conversions from offices to residential. Further there are concerns about the size of dwellings and the connection between this and health and happiness¹¹⁴. One of the key concerns about quality is that of space standards within new dwellings. In the past there were minimum space standards for dwellings such as Parker Morris but since these have been abolished it is more difficult to bring them into use at the local level. Research by Local Authority Building

¹⁰⁸ Sharman (2018). 'Councils given power to double council tax on empty homes'
<https://www.localgov.co.uk/Councils-given-power-to-double-council-tax-on-empty-homes/45039>

¹⁰⁹ Brignall (2018). 'Weaker buy-to-let market gives hope to first-time buyers'
<https://www.theguardian.com/business/2018/oct/15/weaker-buy-to-let-market-hope-first-time-buyers-landlord-survey>

¹¹⁰ White (2019). 'Buy-to-let isn't dead: meet the new generation of young property investors'
<https://www.telegraph.co.uk/property/buy-to-let/buy-to-let-isnt-dead-meet-new-generation-young-property-investors/>

¹¹¹ Bennett (2018). 'Luxury flats with a catch: no letting them on Airbnb'
<https://www.thetimes.co.uk/article/luxury-flats-with-a-catch-no-letting-them-on-airbnb-jvxx9jvrt>

¹¹² Foot (2018). 'Camden Council urged to get tough on AirBNB lets'
<http://camdennewjournal.com/article/camden-council-urged-to-get-tough-on-airbnb-lets>

¹¹³ Hollander (2018). 'More than half of older people 'would consider living in bungalows''
<https://www.insidehousing.co.uk/news/news/more-than-half-of-older-people-would-consider-living-in-bungalows-57634>

¹¹⁴ Guardian readers (2018). 'How is the size of your home affecting your happiness and health?'
https://www.theguardian.com/society/2018/sep/03/how-is-the-size-of-your-home-affecting-your-happiness-and-health?CMP=Share_AndroidApp_Gmail

Control (LABC) (2018)¹¹⁵ has shown that room sizes have reduced, and that the UK has the smallest room sizes of any EU state. Problems of housing quality have been particularly acute in permitted development office to residential conversions, where many units are well below suggested national space standards (which can only be applied to developments going through planning permission if adopted into local policy), with little amenity space and in unsuitable locations¹¹⁶.

There are also other concerns about access to sustainable forms of transport, walking and cycling in new developments¹¹⁷. A study by the RTPi, *Location of development*¹¹⁸ (2018) demonstrated that that 51% of new housing permitted between 2015 and 2017 is over 2km from railway stations, compared with 53% for the period 2012-2015.

Modern methods of construction

The use of modern methods of construction (MMC) has continued since 2017 by all types of housebuilder. MMC is popular because it can deliver homes at speed while homes made in factory conditions can be less fault prone than those made on site¹¹⁹. Some local authorities are considering building an MMC factory as in London¹²⁰ whilst registered providers L&Q and Swan are also developing offsite construction approaches¹²¹. These approaches are also being used by volume builders including Barratts¹²². There are some multi-storey developments using offsite construction such as in Croydon¹²³. Legal and General have also started to engage on offsite

¹¹⁵ Collinson (2018). 'UK living rooms have shrunk by a third, survey finds' <https://www.theguardian.com/business/2018/apr/08/uk-living-rooms-have-shrunk-by-a-third-survey-finds> ; LABC Warranty (2019). 'What is the average house size in the UK? (New Data)' <https://www.labcwarranty.co.uk/blog/are-britain-s-houses-getting-smaller-new-data/> ; The Guardian (2018). 'The Guardian view on shoe-box Britain: space is good for us. Let's have some Editorial' https://www.theguardian.com/commentisfree/2018/apr/10/the-guardian-view-on-shoe-box-britain-space-is-good-for-us-lets-have-some?CMP=Share_AndroidApp_Gmail

¹¹⁶ Clifford et al. (2018). 'Assessing the impacts of extending permitted development rights to office-to-residential change of use in England' <https://www.rics.org/globalassets/rics-website/media/knowledge/research/research-reports/assessing-the-impacts-of-extending-permitted-development-rights-to-office-to-residential-change-of-use-in-england-rics.pdf>

¹¹⁷ Tasker (2018). 'Progress on low car neighbourhoods in Scotland' <https://www.livingstreets.org.uk/news-and-blog/press-media/new-housing-developments-leaving-scots-car-sick>

¹¹⁸ Edgar (2018). 'Only half of housing built near train stations, finds report' https://www.theplanner.co.uk/news/only-half-of-housing-built-near-train-stations-finds-report?utm_source=Adestra&utm_medium=email&utm_term=

¹¹⁹ Pinoncely and Belcher (2018). 'Made For London: Realising The Potential Of Modern Methods Of Construction' <https://www.centreforlondon.org/publication/made-for-london/>

¹²⁰ Gerrard (2018). 'London councils plan to launch modular housing firm' <http://www.bimplus.co.uk/news/london-councils-plan-launch-modular-housing-firm/>

¹²¹ Ing (2019). 'L&Q to ramp up offsite production' <https://www.building.co.uk/news/landq-to-ramp-up-offsite-production-5097686.article> ; Swan Housing Association (2017). 'Swan Delivers The First Of Their Modular Homes To Site In Basildon' <https://www.swan.org.uk/home/news/swan-delivers-the-first-of-their-modular-homes-to-site-in-basildon.aspx>

¹²² Barratt Developments (2019). 'Using modern methods of construction (MMC)' <http://www.barrattddevelopments.co.uk/sustainability/taking-action/investing-in-innovation-and-development/innovating-to-improve-build-efficiency>

¹²³ The Construction Index (2018). 'Croydon towers ready for module fitting to begin' <https://www.theconstructionindex.co.uk/news/view/croydon-towers-ready-for-module-fitting-to-begin>

construction¹²⁴ as part of its objective of providing 3,000 homes per year¹²⁵.

One public estate and public sector partnerships

Some local authorities have started to work directly in partnership with other public bodies including the police, fire service, NHS and Universities. Rutland County Council has a partnership with the Ministry of Defence to build homes on St Georges Barracks¹²⁶ and in February 2019, the Government announced a partnership between Homes England and the Ministry of Defence for 10,000 homes¹²⁷. Other schemes for former NHS estate are being pursued as in Barnet, Broadland and Colchester.

Changing land uses

One issue that emerged during the research was the way in which land uses are changing so that housing can be combined with other types of use. In the report published in 2017, we reported on the increasing use of large retail sites for housing and this practice is continuing across the country. This time our attention was drawn to the way in which industrial land uses are being combined with housing. Another approach emerging in London is for the initial land use and intensification. In London there is now a net demand for industrial floorspace and in a draft policy in the London Plan, London boroughs are being encouraged to identify industrial sites. In the policy, no residential use will be allowed on an industrial site unless the land is freed up. Initially on viability testing, 50% of affordable housing was required on these schemes and this has now been reduced to 35% although it remains at 50% on land that is in public ownership. In the process of the EIP on London's Plan, 65% plot ratio has been required for these schemes. There is some pressure on the Mayor to directly deliver some of these schemes so that the market can have an indication of how they will be developed and there is a need to de-risk these schemes. In all of these joint use schemes, design is regarded as a critical element of the delivery particularly at the point of the interface of the uses.

Purchasing land and buildings for housing development

In the updated survey undertaken on motivation, methods and means (see next chapter for further details), 42% of local authorities reported that they were purchasing land and building for housing. This includes those councils that are purchasing from the secondary market or former Right to Buy properties, which make operational sense for estate management. However, other councils are purchasing sites. Some sites are becoming available through open public estate and at other times they are being offered land by existing users. In London, the Mayor is purchasing land and buildings and supporting others to do so, such as providing a loan facility for the scheme at Holloway Prison and the schemes for St Ann's and North Middlesex hospitals. On all schemes the Mayor is requiring a minimum 50% affordable housing as a condition of funding. Another scheme being developing is with the Whittington Trust in Islington.

¹²⁴ Legal & General Group <https://www.legalandgeneral.com/modular/>

¹²⁵ Monaghan (2018). 'Legal & General aims to offer 3,000 affordable homes a year' <https://www.theguardian.com/business/2018/apr/27/legal-general-affordable-homes>

¹²⁶ St Georges Rutland <https://www.stgeorgesrutland.co.uk/>

¹²⁷ Simpson (2019). 'Government announces deal for 10,000 homes on MoD land' <https://www.insidehousing.co.uk/home/home/government-announces-deal-for-10000-homes-on-mod-land-60172>

Demand

Homelessness

Since 2017, homelessness has continued to rise¹²⁸ particularly through no fault evictions where households are being evicted to house different and higher paying tenants. The legislation available to secure better practices from landlords is disjointed and piecemeal and, it is argued, full of loopholes.¹²⁹ Other issues have related to the changes in universal credit where the Government is now paying out £22bn per annum which could be put into brick and mortar. The Government has maintained that homelessness is the fault of marriage break up or drug issues,¹³⁰ but this has been challenged. For both renting and the purchase of homes, people are trying innovative approaches to sharing.¹³¹ This has included people sharing with older people¹³², living in a van, house-sitting¹³³, being a property guardian¹³⁴ or living in a co-operative.

Since the Homelessness Reduction Act 2018, all local authorities in England have been made responsible for the prevention of homelessness and received several other duties including to provide advisory services and meet those who are homeless or likely to be so, to prepare a plan of action.¹³⁵ As the duties in this Act apply to all local authorities, regardless of whether they are stockholders or not, this may be another reason that all local authorities are becoming active in the direct provision of housing.

First time buyers

First time buyers are still a key component of the housing demand and the pressure on the market for sales has meant that there has been a shift in the terms of mortgage provision. Some commentators have been arguing that there are concerns that the position is like those before the Financial Crash in 2008. Some mortgage providers are indicating that they are offering mortgages at six times salary levels¹³⁶. Many first-time buyers are helped to find their deposits by their parents or other family members. However, there are now views that the 'bank of mum and dad' could be drying up¹³⁷ as there are other pressures on household income and a rise in consumer credit levels. Also, the number of people who consider that they are never likely to be able to purchase a

¹²⁸ Zayed, Wilson and Harker (2018). 'Estimates - Ministry of Housing, Communities and Local Government relating to homelessness' <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CDP-2018-0053>

¹²⁹ Goodley (2018). 'The rogue landlord's loopholes: how the law fails renters' https://www.theguardian.com/business/2018/oct/23/the-rogue-landlords-loopholes-how-the-law-fails-renters?CMP=Share_AndroidApp_Gmail

¹³⁰ Booth (2018). 'Rise in homelessness not result of our policies, says housing secretary' https://www.theguardian.com/politics/2018/dec/18/rising-homelessness-is-not-due-to-tory-policies-says-james-brokenshire?CMP=Share_AndroidApp_Gmail

¹³¹ Bearn (2019). 'How sky-high rents forced people into imaginative alternatives' https://www.theguardian.com/money/2019/feb/17/high-rents-alternative-living-arrangements?CMP=Share_AndroidApp_Gmail

¹³² Share and Care <https://www.shareandcare.co.uk/>

¹³³ TrustedHousesitters <https://www.trustedhousesitters.com/gb/>

¹³⁴ Dot Dot Dot Property <https://dotdotdotproperty.com/>

¹³⁵ MHCLG (2018). 'Homelessness Reduction Act: policy factsheets' <https://www.gov.uk/government/publications/homelessness-reduction-bill-policy-factsheets>

¹³⁶ Narwan (2018). 'Mortgage time bomb fears as loans hit six times salary' <https://www.thetimes.co.uk/article/mortgage-time-bomb-fears-asloans-hit-six-times-salary-96p3dsb3k>

¹³⁷ Peachey (2018). "The Bank of Mum and Dad will run dry" <https://www.bbc.co.uk/news/business-45521714>

house has increased by 50% and now stands at 1.75m private renters¹³⁸. Research has also shown that the number of middle-aged renters has doubled in a decade¹³⁹. Research undertaken by the Resolution Foundation has found that 40% of households are now likely to be renting in their 40s with a third renting when they reach pensionable age¹⁴⁰. This changes the structure of the housing market to one that was more like that before the 1970s when many people rented their homes.

Special needs

There are different types of special needs housing requirements including for those with mental and physical disabilities and for older people. An issue is for social care and the type of housing required when people are discharged from hospital. The rising number of older people together with the costs of providing staff is at critical levels in this type of provision and the National Audit Office has reported that councils are dipping into reserves to meet annual expenditure costs. The NAO report estimates that authorities saw a reduction in centralised funding of 49.1% from 2010-11 to 2017-18¹⁴¹. It is also the case, that a high proportion of the population growth and housing demand in some areas is as a result of longevity and this applies to half of the 10 Metropolitan Boroughs in Greater Manchester¹⁴².

Benefits

One of the key concerns that has been arising is that of the relative government funding for benefits rather than the use of funds for bricks and mortar and hence subsidy through rents. According to a report prepared for the Chartered Institute for Housing, 95p of every pound spent on housing is on benefits¹⁴³. Further the report indicates that only 20% of the Government's housing funds are being spent on affordable housing with the remainder being given to the private sector. The Chancellor announced additional funding for affordable housing in the Spring Statement 2019, but this was only in the form of loan guarantees¹⁴⁴. One of the key concerns

¹³⁸ Crerar (2018). 'England: 1.75m private renters believe they will never buy house' https://www.theguardian.com/society/2018/may/28/england-private-renters-dont-believe-they-will-ever-buy-a-home?CMP=Share_AndroidApp_Gmail

¹³⁹ Peachey (2018). 'Number of middle-aged renters doubles in a decade' <https://www.bbc.co.uk/news/business-43504015>

¹⁴⁰ Mulheirn (2018). 'Two housing crises' <https://www.resolutionfoundation.org/media/blog/two-housing-crises/>

¹⁴¹ Syal, Butler and Tilbrook (2018). 'Stretched councils raid reserves to cope with social care, NAO warns' https://www.theguardian.com/society/2018/mar/08/councils-raid-reserves-to-cope-with-social-care-nao-report?CMP=share_btn_tw

¹⁴² Greater Manchester Combined Authority (2019). 'HOUSING' <https://www.greatermanchester-ca.gov.uk/media/1737/housing-topic-paper-w-appendices-web.pdf>

¹⁴³ Bates (2018). '95p of every £1 in Government housing cash goes on benefits, not new homes - report' <https://www.politicshome.com/news/uk/communities/housing/news/93786/95p-every-%C2%A31-government-housing-cash-goes-benefits-not-new> ; Barker (2018). 'Less than 5% of government housing spending used for development, says CIH' <https://www.insidehousing.co.uk/news/news/less-than-5-of-government-housing-spending-used-for-development-says-cih-55407> ; Stephens et al. (2018). 'UK Housing Review 2018'

http://www.cih.org/publication/display/vpathDCR/templatedata/cih/publication/data/UK_Housing_Review_2018

¹⁴⁴ Ivey (2019). 'What the Spring Statement 2019 means for housing: £3 billion Affordable Homes Guarantee Scheme and a move away from fossil-fuels in new builds' <https://www.homesandproperty.co.uk/property-news/what-the-spring-statement-2019-means-for-housing-3-billion-affordable-homes-guarantee-scheme-and-a-a128726.html>

about the role of benefits has been about its role in supporting those in low pay rather than worklessness. The Institute of Fiscal Studies has found that the majority of those in poverty are in households where someone works¹⁴⁵.

Land value capture

Since the NPF/RTPI Report in 2017, there has been further discussion and comment on the role of land value capture (LVC) in supporting the delivery of housing. There has been pressure also to consider property issues through the European Convention on Human Rights¹⁴⁶. LVC has been supported as a commitment in the United Nation's Sustainable Development Goals in SDG 11 on the New Urban Agenda. The UK Government has signed up to this commitment but has been less active than other countries given its distraction with Brexit. The UK's response to these goals is about to be considered by a Parliamentary Select Committee for International Development¹⁴⁷. Secondly, there has been a proposal for LVC from another Parliamentary Select Committee¹⁴⁸ and thirdly other reports have been written¹⁴⁹ that have argued that by introducing LVC, there could be a significant benefit to the provision of housing¹⁵⁰. However, there is no government commitment to any action on this.

Type of dwellings being built

Another major issue that has not been considered or dealt with since the NPF/RTPI research and a reason why local authorities have been directly engaged in the provision of housing, is concerned with the type of housing being built. The private sector favours the development of apartments and larger houses on greenfield sites where possible. This is not to say that these are the only type of housing being built but there is little relationship between the preferred type of developer housing and meeting local housing needs. This is an inherent flaw in the NPPF and the methods of calculation of housing needs that are far removed from a reality that most people can understand. While the NPPF requires that local authorities assess their housing need, social and affordable housing tenure homes, delivered by any providers, are treated as a residual form of housing that can be provided through market contributions rather than as a full indication of how local housing needs can be met.

While Housing Ministers such as Kit Malthouse state that not enough social rented homes are

¹⁴⁵ Cribb, Keiller and Waters (2018). 'Living standards, poverty and inequality in the UK: 2018' <https://www.ifs.org.uk/publications/13075>

¹⁴⁶ Sermet (1998). 'The European Convention on Human Rights and property rights' [https://www.echr.coe.int/LibraryDocs/DG2/HRFILES/DG2-EN-HRFILES-11\(1998\).pdf](https://www.echr.coe.int/LibraryDocs/DG2/HRFILES/DG2-EN-HRFILES-11(1998).pdf)

¹⁴⁷ International Development Committee (2019). 'UK progress on the Sustainable Development Goals examined' <https://www.parliament.uk/business/committees/committees-a-z/commons-select/international-development-committee/news-parliament-2017/uk-progress-sdgs-evidence-17-19/>

¹⁴⁸ Land Value Capture - Legislative reforms <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/766/76607.htm>

¹⁴⁹ Aubrey (2018). 'How changing land law can unlock England's housing supply potential' <https://www.progressive-policy.net/publications/gathering-the-windfall-how-changing-land-law-can-unlock-englands-housing-supply-potential>

¹⁵⁰ Barker (2018). 'Land reform could save billions on affordable housing development, says thinktank' <https://www.insidehousing.co.uk/news/news/land-reform-could-save-billions-on-affordable-housing-development-says-thinktank-55553> ; Bentley (2018). 'The Land Question: Fixing the dysfunction at the root of the housing crisis' <http://www.civitas.org.uk/publications/the-land-question/>

being built¹⁵¹ and that the Government may use financial incentives to providers to deliver more, they have not undertaken the parallel changes in the planning system to allow this to happen more readily. Where local authorities have housing needs, including the backlog of social and affordable housing, clearer indications of which sites can be used for which type of housing in the local plan could speed up delivery. Local authorities will continue to have problems in meeting their social and affordable housing needs when there is no recognition of the scale of these requirements nor the land use mechanisms for delivering them in local plans and through into the planning application processes.

The role of existing stock in planning policy

A further issue is that the Government's policy is addressed towards the provision of new housing and not the condition and management of existing housing. Only approximately 10% of housing is provided by new stock while the condition of the existing stock and how it is managed is left without much comment or action¹⁵². Work undertaken by the Smith Institute, for example, demonstrates that over one million homes in owner occupation are cold and the owners are not wealthy enough to pay for insulation to keep themselves warm¹⁵³. Also, there are no major policies for retrofitting housing in order to deal with climate change mitigation nor is there any management of poor landlords who are offering housing in sub-standard conditions. Many migrants still live in beds in sheds in locations which spring up as quickly as they are closed, and landlords are still terminating leases where there are no arrears because they wish to benefit from the rising rental market. In Britain owner-occupiers have now fallen to 63% with a much greater demand for rented accommodation being experienced in many places. At the same time the supply of homes available to buy and rent is not the same across the country.

¹⁵¹ Simpson (2018). 'Malthouse: percentage of social rented housing being built is not enough' https://www.insidehousing.co.uk/news/malthouse-percentage-of-social-rented-housing-being-built-not-enough-59272?utm_source=Ocean%20Media%20Grou

¹⁵² Wilson and Barton (2018). 'Tackling the under-supply of housing in England' <http://researchbriefings.files.parliament.uk/documents/CBP-7671/CBP-7671.pdf>

¹⁵³ The Smith Institute (2018). 'The hidden costs of poor quality housing in the North' <http://www.smith-institute.org.uk/book/the-hidden-costs-of-poor-quality-housing-in-the-north/>

4. Changes in local authority direct delivery of housing

Introduction

In this section, we review the motivations and changes in local authority direct delivery of housing since the NPF/RTPI Report in 2017. The first part of the section introduces new empirical data, collected through an online direct survey of local authorities in September/October 2018 and published here for the first time. The second part derives from desk-based research, including an analysis of our desk-based survey of all local authorities prepared during this research and then a discussion of developments more generally.

Changes in local authority direct delivery: Direct survey findings

Background

As part of the 2017 NPF/RTPI Report¹⁵⁴, a survey of all English local authorities was conducted. The survey was sent out directly to the email addresses of Chief Executives and senior officers with responsibility for housing, finance and planning in each English authority (email addresses obtained from the Municipal Year Book) with an invitation to complete the survey online in July and August 2017.

A total of 268 responses to this survey were received from officers working in 197 different local authorities in England (representing 56% of the 353 borough, district and county authorities). The high response rate may be linked to the novelty of the survey, plus the work of the RTPI and NPF to highlight the survey through their networks in addition to the direct emails sent.

Even as the report was being written in 2017, there were rapid developments in policy and practice relating to local government direct provision of housing and these have continued through 2018. It was therefore felt that there would be merit in conducting another similar survey just over a year later to further capture these developments. This second survey was funded by GL Hearn.

This 2018 survey used most of the same questions as that in 2017 to allow ease of comparability and capture developments over the previous year. However, some additional questions were asked where it was considered that additional information would be useful, such as in relation to the ownership of land being used and whether any local authority housing companies were wholly owned by the authority or a joint venture. The 2018 survey was sent out directly to email addresses from the Municipal Year Book in the same way as the last and was open for a six-week period in September and October 2018.

Response

The 2018 survey received a total of 184 responses from officers working in 142 different local authorities in England (representing 40% of the 353 local authorities in England, albeit with some

¹⁵⁴ Morphet and Clifford (2017). 'Local authority direct provision of housing'
https://i.emfiles4.com/cmpdoc/3/8/5/5/7/files/516134_local-authority-direct-provision-of-housing.pdf

local government reorganisation forthcoming). Responses came from all regions of England, and all types of local authority.

Given the demands on officer time (particularly given the implications on local government austerity) and the fact there has been increasing interest and thus requests for information about this topic over the last year, we believe this remains a healthy response rate. There may be some self-selection bias, e.g. local authorities who are most active in relation to housing delivery wanting to answer the survey. However, this same issue would have been present in the 2017 survey respondents and so whilst caution must be exercised about extrapolating from our 40% sample to all local authorities, it does seem reasonable to make comparisons between our 2017 and 2018 surveys.

Results and analysis

Engagement

There were responses from all 142 authorities represented in the survey to the question of whether the authority was directly engaged in the provision of housing. Of these, 98 out of 142 authorities – 69% – apparently were. This represents a slight increase on the 65% of authorities responding they were directly engaged in the provision of housing in our 2017 survey.

Of the authorities not engaged, 29 out of 44 reported that they were actively considering becoming engaged in direct delivery of housing, leaving just 15 out of 142 authorities, or 11% of the overall number of authorities which responded stating that they were not engaged or actively considering engaging in directly providing housing (a slight reduction on the 13% who reported this in our 2017 survey).

Looking at the regional distribution of local authorities within each category of directly engaged in housing delivery, considering engaging, and not engaging nor considering, the responses show that authorities in the East of England, London and the South East are slightly more likely to be engaged in delivery than might be expected from the distribution of authorities across the regions while those in the East Midlands and North West are less likely to be engaged or considering engaging (Figure 1 and Table 1). This reflects our findings from the 2017 survey. The regional pattern of local authorities with a wholly owned or joint venture housing company reflects this as well.

Looking at political control (Table 2 and Figure 2), we can see that Conservative authorities are also slightly less represented than might be expected from the overall distribution within both our survey responses. And, all authorities in England to be in the group directly delivering housing and authorities not engaged or considering engaging are significantly more likely to be Conservative than Labour controlled. This again reflects our findings from the 2017 survey. It also reflects the trend with the political control of the more specific set of authorities who have a local housing company.

Table 1: Regional distribution of authorities in relation to direct delivery of housing

	East Midlands	East of England	London	North East	North West	South East	South West	West Midlands	Yorkshire and the Humber
Directly engaged in housing delivery	10%	18%	11%	2%	10%	23%	9%	4%	11%
Considering engaging	7%	14%	4%	4%	18%	21%	14%	11%	7%
Not engaged nor considering it	20%	13%	0%	13%	27%	7%	7%	7%	7%
Authorities with a housing company	7%	20%	16%	3%	7%	26%	16%	3%	3%
All authorities in survey	11%	16%	9%	3%	14%	21%	10%	5%	10%
All authorities in England	12%	14%	10%	4%	12%	21%	11%	9%	6%

Figure 1: Regional distribution of authorities engaged, considering and not engaged in direct delivery of housing

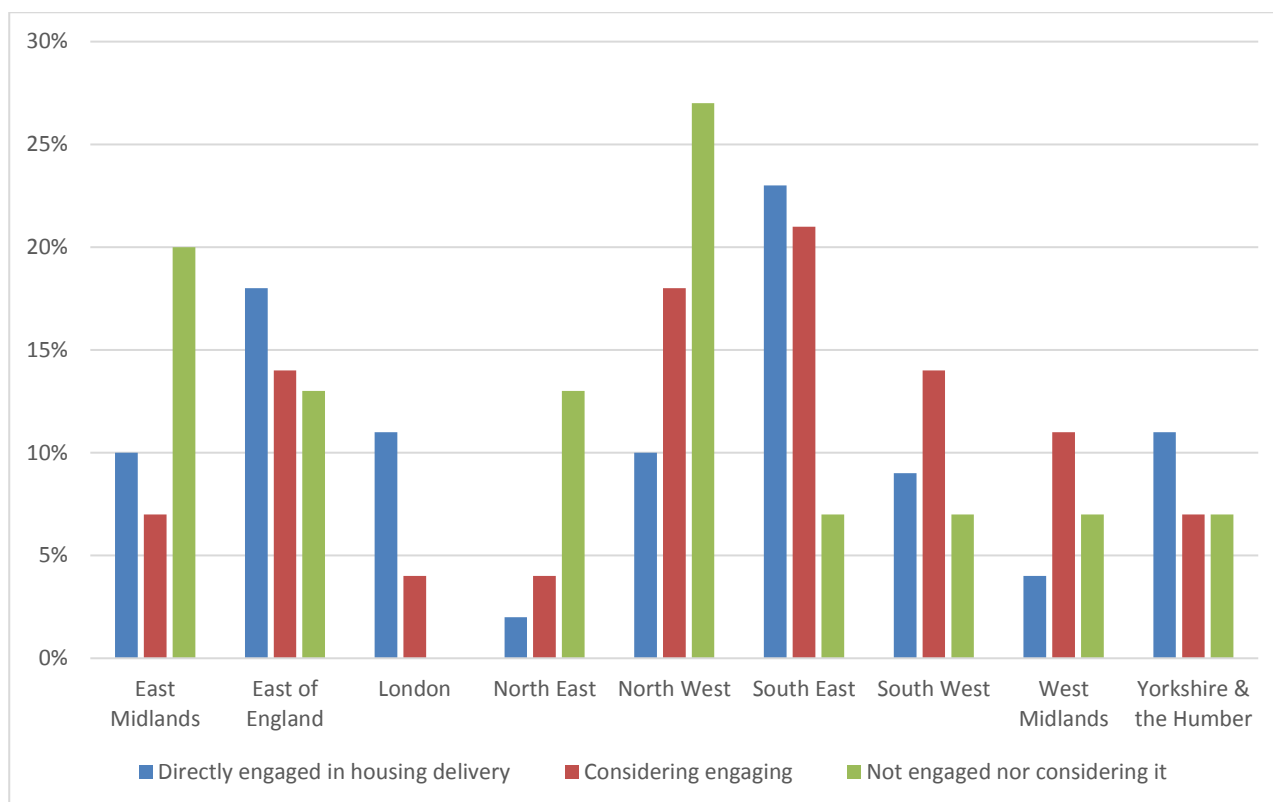
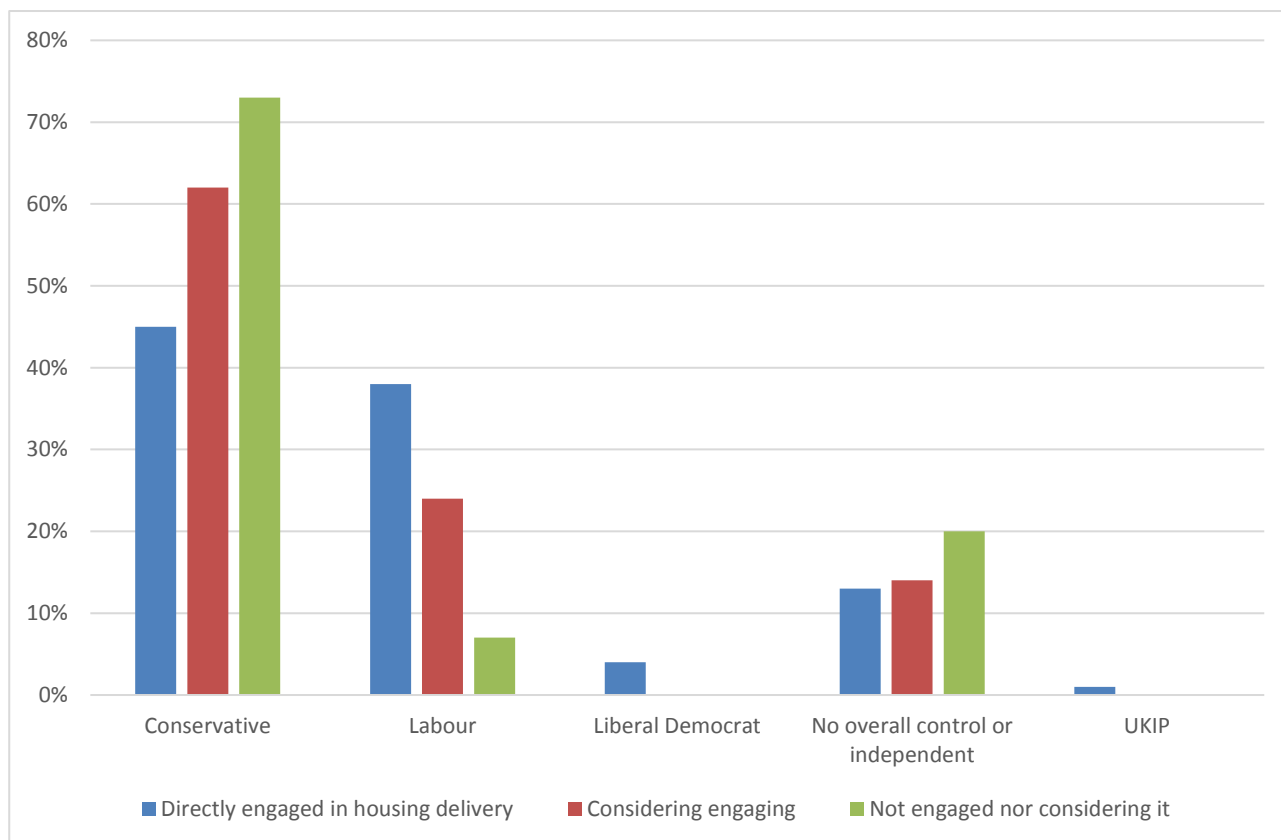


Table 2: Political control of authorities in relation to direct delivery of housing

	Conservative	Labour	Liberal Democrat	No Overall Control or Independent	UKIP	Total in category
Directly engaged in housing delivery	45%	38%	4%	13%	1%	100%
Considering engaging	62%	24%	0%	14%	0%	100%
Not engaged nor considering it	73%	7%	0%	20%	0%	100%
Authorities with a housing company	48%	36%	5%	10%	0%	100%
All authorities in survey	51%	31%	3%	14%	1%	100%
All authorities in England	56%	28%	2%	14%	0% (rounded)	100%

Figure 2: Political control of authorities engaging in, considering and not engaging in direct delivery of housing



We further looked at the population of local authorities, their objectively assessed housing need and the proportion of the authority land area covered by Green Belt, National Parks, Areas of Outstanding Natural Beauty or Sites of Special Scientific Interest. The average population of authorities engaged in direct delivery of housing was 181,625 whilst that for those not engaged was 145,412. The average housing need per annum for authorities engaged was 908 units compared to 623 for those not. And authorities directly engaged were on average only 32% protected land, compared to 37% for those not engaged.

For authorities with a local housing company, the average population was 186,707, the average objectively assessed need per annum was 1,025 units and the percentage protected land was 29%. This shows these authorities tend to be more urbanised, with higher housing demand.

In response to our survey, 83% of the authorities reporting they were directly engaged in housing delivery were registered providers with Homes England, compared to 33% that said they were not directly engaged. For authorities with a housing company, 71% were registered providers.

Examples of authorities that said they were directly engaged in delivering housing but were not registered providers (and so have no Housing Revenue Account) are:

- Allerdale Council
- Bath and North East Somerset Council (who have two wholly owned housing companies: ADL and ACL)

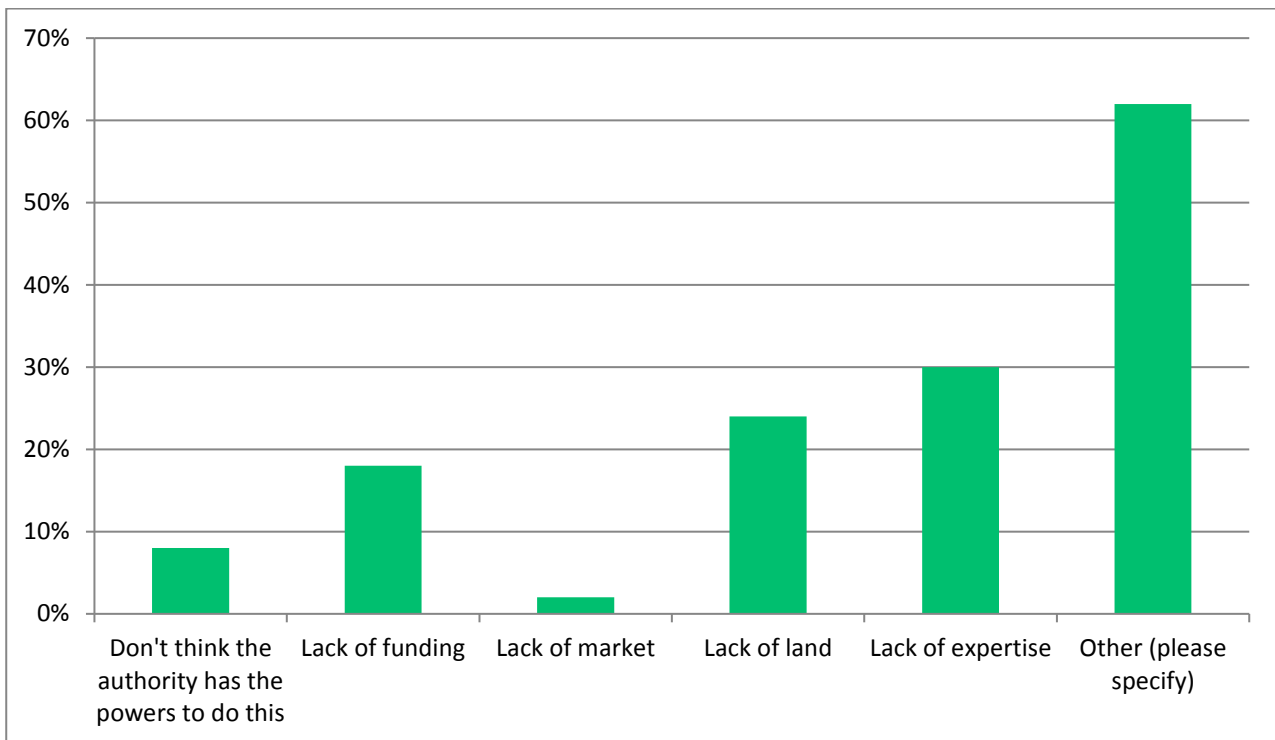
- Broadland Council (who have a joint venture company: Broadland Growth Ltd)
- Chiltern Council (who has a joint venture company: Paradigm)
- Elmbridge Council (who have a wholly owned company: EBC Homes)
- Isle of Wight Council (who have a joint venture company)
- King's Lynn and West Norfolk Council (who have a joint venture company and a wholly owned company: West Norfolk Housing Company Ltd and West Norfolk Property Ltd)
- Mid-Sussex Council
- North East Lincolnshire Council (who have a wholly owned company: North East Lincolnshire Housing)
- Peterborough Council (who have a wholly owned company: Medesham)
- Telford and Wrekin Council (who have a wholly owned company: Nuplace)
- Three Rivers Council (who have a joint venture company)
- Trafford Council
- Waltham Forest Council (who have a wholly owned company: Sixty Bricks)

Overall, a large urban Labour controlled authority in the greater South East of England with high housing need is more likely to be engaged in direct delivery than a small rural Conservative controlled authority in the Midlands or North of England. However, this does just describe the trend and authorities of all types, political control and all regions of England are directly engaged in delivering housing. For example, Labour controlled Rossendale District Council in the North West of England is directly engaged in the delivery of housing, as is Conservative controlled Newark and Sherwood District Council in the East Midlands (who have a housing company, called Arkwood Developments Ltd).

Barriers to engaging in direct delivery

Respondents from those local authorities not directly engaged in the direct delivery of housing were asked to specify the reason(s) for this. The results are illustrated below (Figure 3). The three key issues identified by this group were lack of funding, lack of land and lack of expertise and these remain as prominent as they were in 2017. However, it is noticeable that of these three, lack of expertise has moved from being a relative third to first in reasons for not directly engaging in housing delivery. In terms of the wide range of other reasons specified by the 50 respondents answering this question, lack of an Housing Revenue Account and/or having transferred stock were mentioned several times, as was the risk appetite and priorities (of officers, members or both) and, in a few cases, it was considered that local registered providers/housing associations were working well with the local authority and delivering.

Figure 3: Reason(s) for not engaging in providing housing



Motivations

The survey revealed that those local authorities directly engaged in housing delivery do so for a wide variety of reasons. This reflects the findings of our 2017 survey together with our case studies and roundtables associated with the 2017 research project. This also revealed that authorities had often approached direct delivery housing with one specific motivation, to tackle one particular issue, but then realised that engaging in this activity might address several different issues. Perhaps unsurprisingly, a comparison between the 2017 and 2018 surveys reveals that meeting local housing requirements and tackling homelessness remain the top two motivations for local authorities in the direct provision of housing.

There are then a range of other issues which remain important to authorities and are motivating them to engage in direct delivery (Figure 4 and Table 3). These include income generation (in third place in 2017 and in joint third place again in 2018) but this is now joined in joint third place with a wish to improve design quality that has apparently become a much more important motivator for local authorities. The notion that local authorities should be building housing has also gained importance as a motivator between the 2017 and 2018 and surveys, whilst frustration at unimplemented consents/private sector build out rates have dropped in importance for local authorities. They do remain key motivators for some authorities, however, as do a wider range of other different factors such as place making, estate regeneration and supporting local small and medium enterprises.

Figure 4: What are the main reasons for engaging in housing provision?

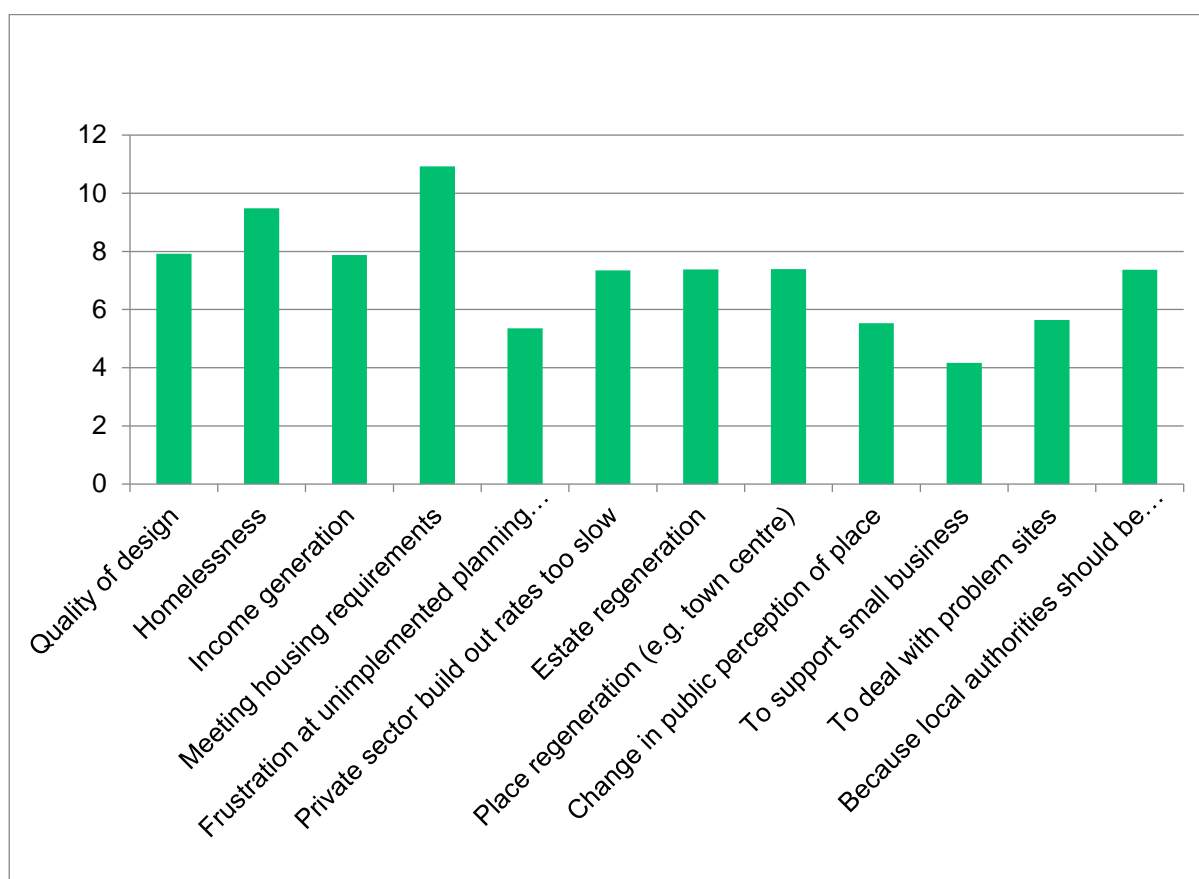


Table 3: Factors motivating authorities to engage in direct delivery of housing, in order of importance according to respondents

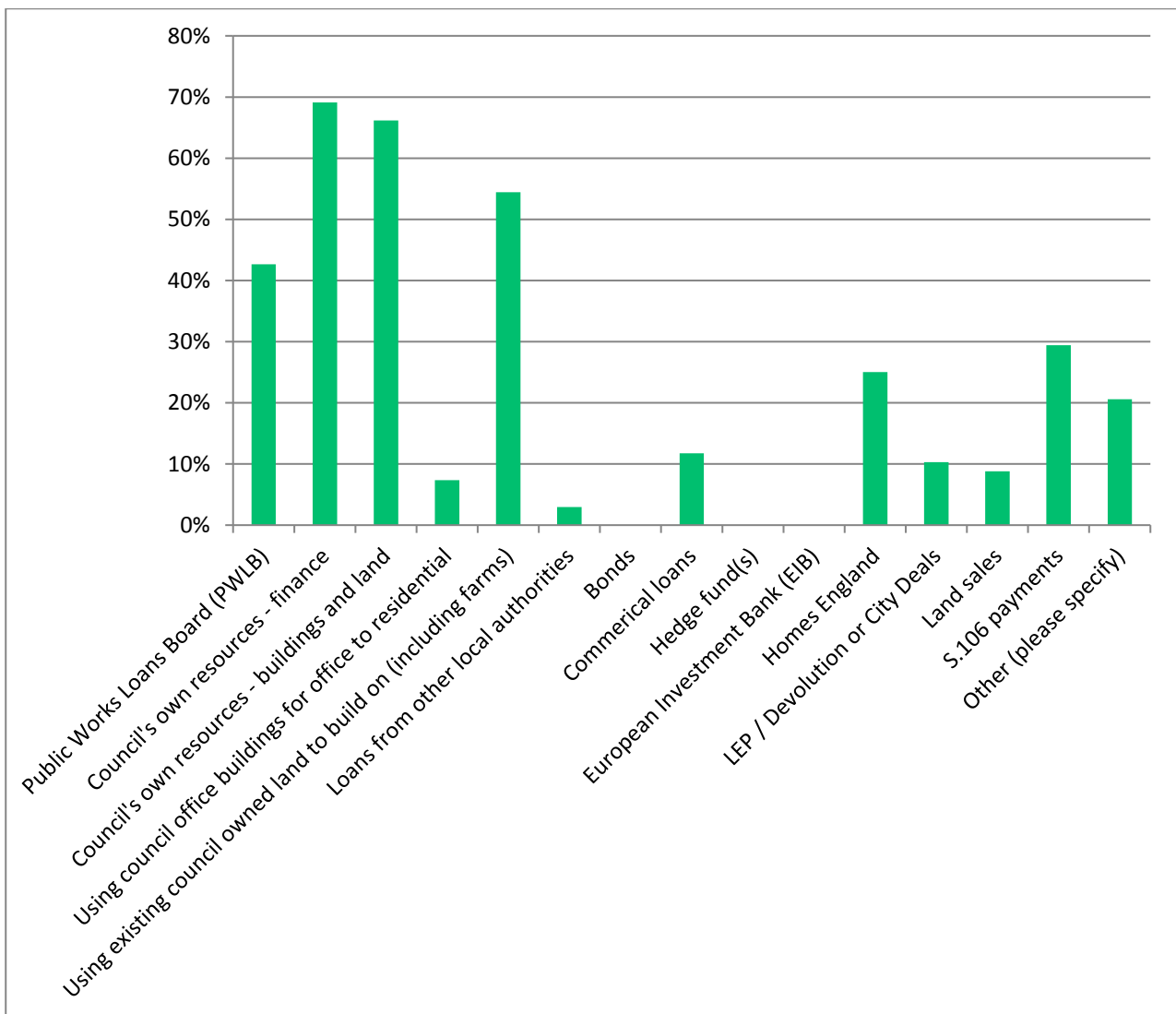
Factor	2018 importance rank	2017 importance rank
Meeting housing requirements	1	1
Tackling homelessness	2	2
Income generation	=3	3
Improving design quality	=3	8
Because local authorities should be building housing	=5	9
Place regeneration (e.g. town centre)	=5	=6
Estate regeneration	=5	4
Private sector build out rates too slow	8	5
To deal with problem sites	9	10
To change public perception of places	10	11
Frustrations at unimplemented planning permissions	11	=6
To support small business	12	12

Funding

28% of respondents in our 2018 survey worked for authorities who were apparently not using their Right to Buy receipts, compared to 34% on our 2017 survey.

For those authorities with wholly owned or joint venture companies, we asked how they were funded. The results (Figure 5) show authorities drawing on a wide range of sources of funding, similar to our 2017 survey results. The most common source of funding for a housing company was the council drawing on its own resources. Examples of this include financial support such as a loan from the general fund, using council buildings and land to secure loans and through building on council owned land.

Figure 5: How companies were funded (responses add to over 100% as many companies draw on more than one source of funding)



Types of provision

71% of survey respondents in 2018 reported their authority was building or planning to build special needs housing particularly for older people. This compared to 42% in 2017. Other special needs were also being addressed with 37% of councils building housing for people with mental health needs and 60% people with physical disabilities. 38% of respondents identified directly

building housing for other particular special needs groups and specified a range of groups including young families, people with dementia and people with learning difficulties.

40% of respondents reported that their authority was buying back former Right to Buy properties. 25% reported that their authority was directly building housing at below 60% of the market rent.

Respondents were asked if their local authority had one or more housing companies. Analysing results by the local authority showed that 59 of the 142 local authorities represented in the response to our survey had one or more local authority housing companies. This is 42%, which is similar to the 44% in response to our 2017 survey. In 2018, an additional question was asked about whether the company was wholly owned by the local authority or a joint venture. 49 authorities (83% of authorities with a company) had a wholly owned housing company. 20 authorities (34% of authorities with a company) had a joint venture housing company. The overlap is because 10 local authorities (7%) reported that their authority had both joint venture and wholly owned companies.

In examining the political control of those with wholly owned as opposed to joint venture housing companies, no pattern emerged. For example, Labour controlled authorities were 41% of those with a wholly owned company and similarly constituted 42% of those with a joint venture company. Looking at regional control showed examples of both forms of company from across England. However, joint venture companies were more likely to be in the East of England region (32% of joint venture companies reported in our survey were in that region, compared to 17% of wholly owned companies) and the South East of England region (37% of joint venture companies compared to 26% of wholly owned companies).

Most local authorities reporting in the survey had one company (39 of the authorities responding) but some authorities had more, often established for different purposes. For example, South Norfolk had three companies (under the Big Sky Group). Eastleigh Council reported that they had four companies (Aspect - Building Communities Ltd, established in 2015, Spurwing Developments Ltd established in 2018, Spurwing Ventures Ltd established in 2018 and Pembers LLP, established in 2018). Slough similarly reported four companies (Development Initiative for Slough Housing – DISH – founded in the early 1990s, Slough Urban Renewal, founded in 2013, James Elliman Homes, founded in 2016 and Herschel Homes, founded in 2016). Exeter also reported four companies but noted that three were dormant and only one was currently active. Oxford Council reported five companies (Oxford City Housing Ltd, Oxford City Housing (Investment) Ltd, Oxford City Housing (Development) Ltd, Barton Oxford LLP and Barton Park Estate Management Co Ltd).

When asked what the main challenges were for those authorities with companies (Figure 6 **Error! Reference source not found.**), the leading one was understanding company as opposed to local authority roles, followed by specific skills required related to the local authority acting as a developer. A long list of 'other' challenges was also specified, for example, were concerns about the risk of legal challenge over state aid and capacity of local authority staff to be company directors.

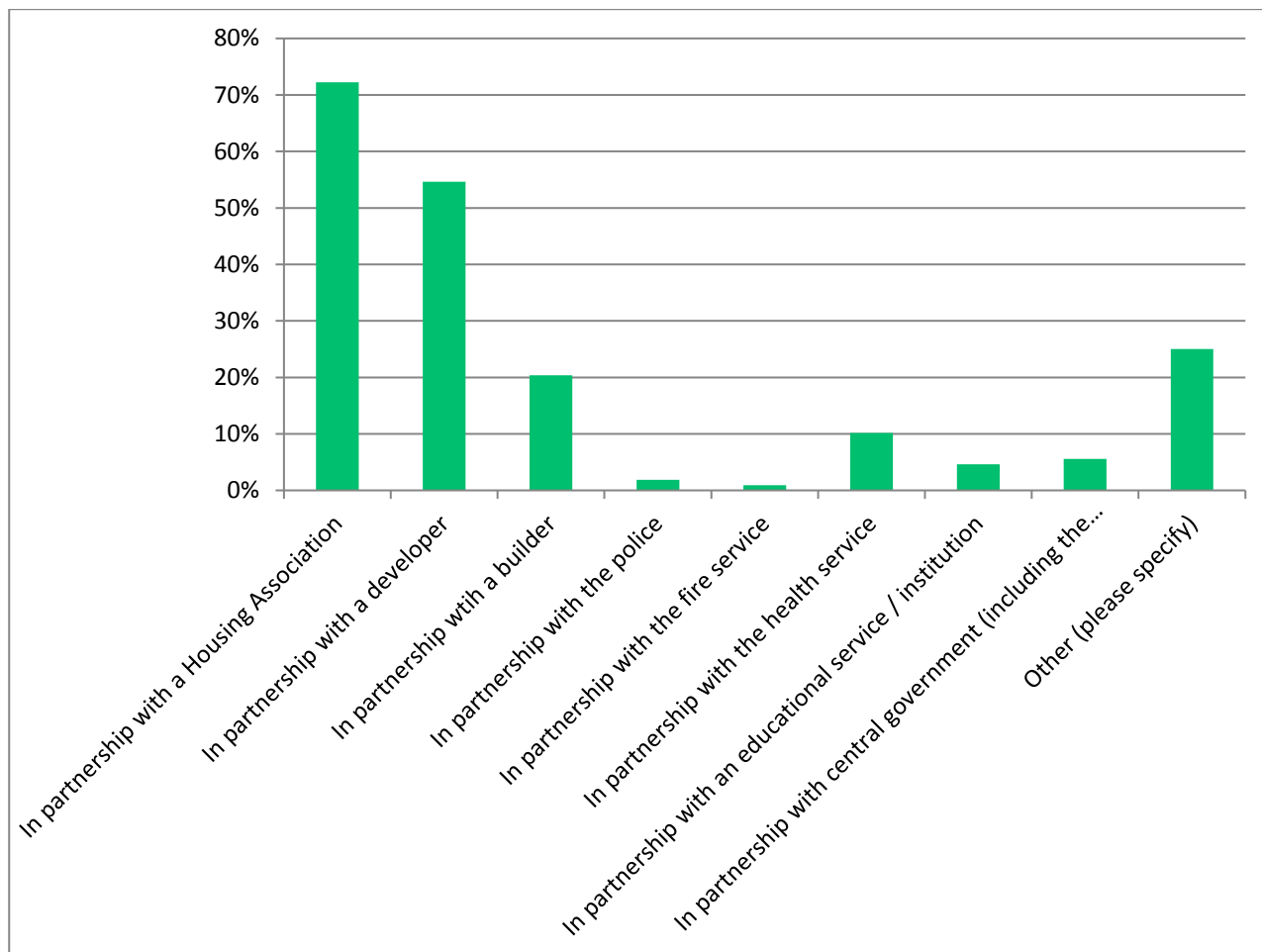
As well as building directly through the general fund and/or Housing Revenue Account and having a wholly owned or joint venture local housing company, authorities are also utilising a host of different arrangements to deliver housing locally (Figure 7). These include a variety of partnership arrangements reported in our survey. The most common of these was working in partnership with

a housing association or with a developer. Under 'other' was a wide range of initiatives, including proactive efforts to deal with unimplemented consents/stalled sites.

Figure 6: What were the main challenges associated with a housing company



Figure 7: Other means authorities are using to deliver housing (total add to more than 100% as some authorities taking multiple initiatives)



Housing units delivered

The 2017 survey just asked for the number of units delivered by any local authority housing companies. Most respondents did not answer, but from those that did, there was evidence of a total of 1,897 units delivered: 452 affordable (24% of those specified to us), 264 social (14%), 307 intermediate (16%), 442 for sale (23%) and 432 PRS (23%).

The 2018 survey asked for the number of housing units delivered by the local authority using all means of direct delivery. Again, most respondents did not answer, but from those that did, there was evidence of a total of 8,992 units delivered: 3,803 affordable (42%), 2,079 social (23%), 943 intermediate (10%), 1,428 for sale (16%) and 739 PRS (8%). A direct comparison cannot be made as the 2018 survey asked about all means of delivery rather than just through companies as in 2017, but there is some sense of an increasing momentum around units delivered by local authorities.

Of those authorities who did respond to the question on the number of units delivered, Stockport had delivered 1,000 units in 2017-18, roughly half of which were social (including affordable rent) and the other half shared ownership. The authority has a company, Stockport Homes Limited, founded as the ALMO in 2005. It has been developing under the Housing Revenue Account and through borrowing since 2010. In 2016, they created a development company (Viaduct) within the new Stockport Homes Group structure and all development is now channelled through Viaduct. In addition to these 1,000 homes, they had delivered about 150 last year (with a further 200 on site) through regeneration-led development agreements with private developers.

Hull had delivered over 1,000 units in 2017-18, about 600 of which were affordable, 400 for sale and 20 PRS. The council does not have a company but uses development agreements for private sector homes and direct delivery for council new build. County Durham had delivered 40 affordable homes, 20 intermediate and over 300 for sale. The authority has two housing companies, Chapter Homes and DVR, both founded in 2015.

Barriers to delivering more homes

Local authorities were asked what the main challenges to them were in delivering more homes through their Housing Revenue Account or general fund (Figure 8). In comparison with the 2017 survey, a lack of land had increased slightly in 2018, moving from the second most common barrier to be the most common issue. The Housing Revenue Account borrowing cap remained a constraint for over 50% of local authorities, however this was removed shortly after the survey was administered.

Land and planning

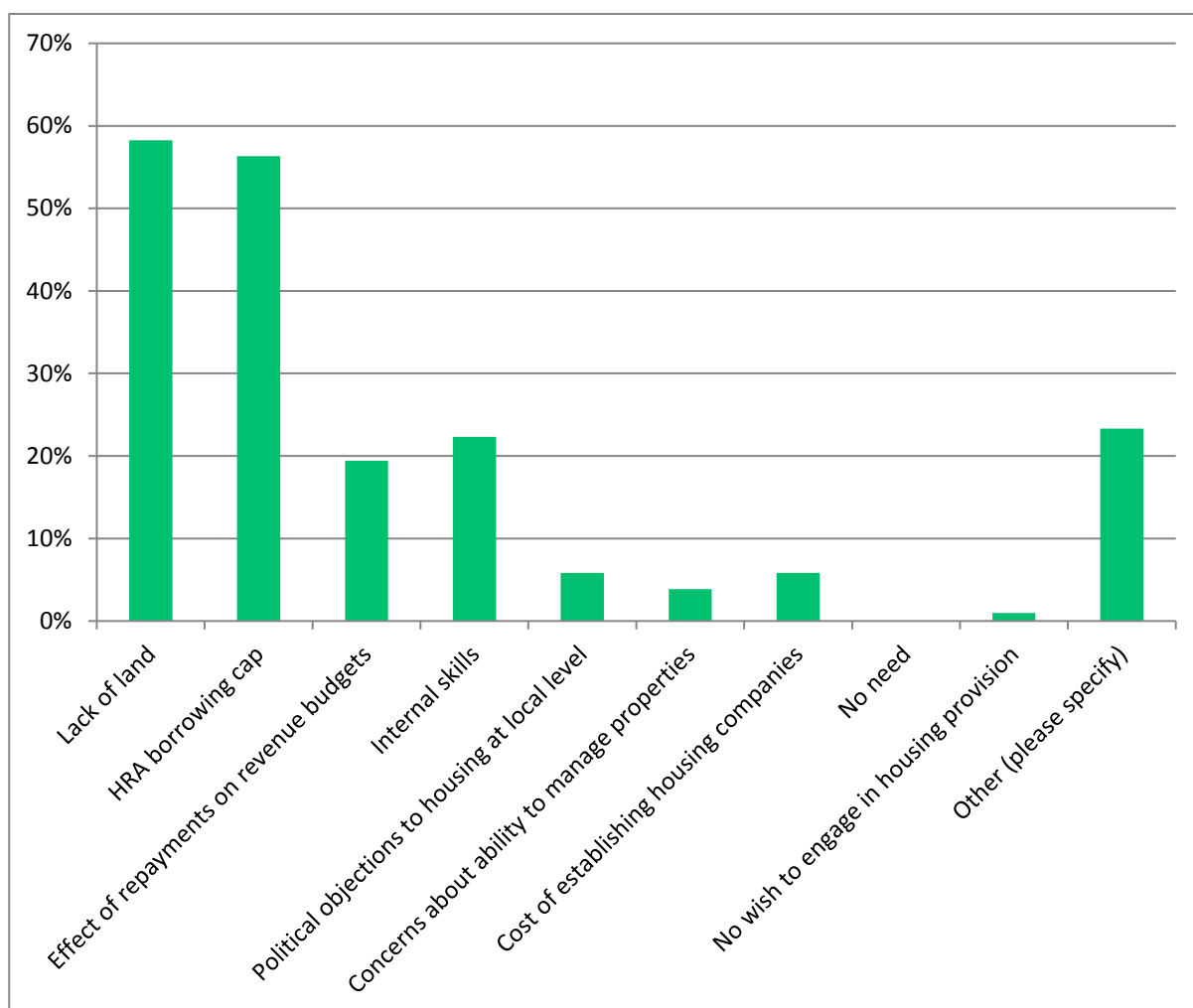
This year, the survey included some new questions about land, given this had emerged as a potentially significant issue in the barriers identified in the 2017 survey but then without much further questioning for respondents. Firstly, the 2018 survey shows that 61% of authorities are acquiring more land and/or buildings as part of a longer-term investment strategy to support income.

Secondly, for those authorities directly delivering housing, 95% are building on their own land, 44% are purchasing sites to develop, 42% are purchasing existing residential buildings, 17% are using land from the One Public Estate initiative and 13% are using other public land. This is a new question in the 2018 survey and shows that most building is on local authority owned land and

indeed it seems this is how most local authorities start out their own direct delivery of housing. However, it is interesting that 44% are purchasing sites to develop and this may be a growing trend.

As regards to planning, 61% of authorities directly delivering housing reported that they are accounting for this specifically in their local plans. This is a dramatic increase on the 12% reporting this in 2017.

Figure 8: What were the challenges to authorities providing more housing through the Housing Revenue Account or general fund (total adds to more than 100% as respondents could select multiple barriers)



Conclusions

Local authority direct engagement in housing delivery has remained high on the political agenda between our 2017 and 2018 surveys, and there continues to be policy initiatives related to this such as the lifting on the Housing Revenue Account borrowing cap. 69% of survey respondents reported that they were optimistic about the future of housing delivery locally, with a range of initiatives underway and real political support and plans to scale-up delivery in many places. The smaller number that were pessimistic were mainly concerned about the ability to deliver enough affordable units. Between our 2017 and 2018 surveys, there has been a slight increase in the

percentage of authorities engaged in direct delivery of housing, and an increasing concern to deliver homes of a high-quality design. There appears to be an increasing number of homes delivered by local authority building and an increasing acknowledgement of this activity in local plans.

Changes in local authority direct delivery: Desk survey findings

A desk survey of local authority direct housing delivery activity was undertaken in January and February 2019 as part of this research. It used the base of the desk survey undertaken in 2017 that was part of the NPF/RTPI Research on Local Authority Direct Delivery of Housing and published as an accompanying spreadsheet. The desk survey was intended to:

- provide an indication of the level and type of local authority direct housing delivery; and
- provide local authorities and others with the opportunity to look in more detail at the kinds of projects which councils are currently engaged in.

As will be noted from the survey, the number of local authorities with wholly owned companies, primarily for housing but also property companies, has increased since 2017. The 2019 survey also included joint ventures specifically as a type of company which was not the case before and will have contributed to the company numbers overall.

The full results of this 2019 desk survey are published again as an accompanying table, including (where known) the dates companies were founded, their names and weblinks to information about council activity. This survey is not evaluative and does not make any assessment of the quality or effectiveness of the council activities included. However, the weblinks provide an opportunity for local authorities to compare and contrast initiatives and start conversations with each other. The use of footnotes is also illustrative and not comprehensive.

Methodology

This desk web survey was undertaken during January and February 2019. Through the use of the Google search engine, each local authority name was suffixed by other terms: joint venture, wholly owned housing company, land for sale and property company. If there was no immediate indication of activity using any of these terms, then a further search was made via local authority housing strategies, corporate plans, financial statements and budgets. In some cases, the information about council activity was provided from sources outside the council including local press and company websites.

In addition to these categories, it emerged that local authorities were also engaging in other activities related to the direct delivery of housing which they refer to as 'partnerships'. It is very hard to determine what these mean specifically within each local authority and appear to cover relationships with developers and registered providers for 106 housing and commuted payments. In some cases, the partnerships appear to be for the provision of housing in wider regeneration schemes although it is not always possible to determine whether the council is directly engaged in a joint venture. Where these partnership arrangements have been mentioned on local authority web sites, although the council may not have a wholly owned company, a joint venture or a Housing Revenue Account they have been included here as the local authorities are engaging in housing delivery using some of their powers even if it is not clear which are being used.

Information on the sale of land for housing was taken from local authority websites. This provides an indication that local authorities do own housing land capable of development in their ownership and that the sale will result in housing development. The table includes where local authorities have a Housing Revenue Account even though some councils seem to be registered and not active.

The survey also includes Arm's Length Management Organisations (ALMOs) as where local authorities have these, they frequently serve as the council's housing company. The web links do not refer generally to housing built within the Housing Revenue Account unless there may be a specific reason to illustrate the scheme. This survey should not be taken as an indication of local authority Housing Revenue Account activity in development.

Finally, several councils have established property investment companies primarily to acquire and manage commercial assets to generate rent to support their council services. While some of these property companies include housing within their portfolios, at present most do not. However, it is important to note that those councils with a property investment company will have access to development and professional skills that could be extended to housing and that housing may need to be added to their portfolios in the future. In the desk survey, it is clear from council reports that some are already considering this extension. For this reason, where councils have a property investment company, these have been included as a sign of general activity and the potential to do more in the direct delivery of housing. When all these types of activities are considered together, including the partnership and property companies described above, then fewer than 10 councils in England show no activity at all. It should also be noted that some of these 'inactive' councils are currently in the process of merging into unitary authorities.

Findings

The desk survey results are published in full alongside this report as an accompanying spreadsheet. The headline findings are that:

- The number of local authorities with a housing company has increased from 57% in the 2017 desk survey to 78% in 2019. In part some of this increase may be due to the specific inclusion of joint venture companies that were not included before;
- We identified 119 registrations of new local authority housing companies between 2018 and 2019. These may be councils that already have other companies or have started multiple companies at the same time. They also include property companies;
- For some local authorities that had companies in 2017, we found they had been closed since, or we did not find evidence of their activity in the 2019 survey;
- Of councils with companies, 57% of local authorities had a joint venture although this may be alongside other companies in the council including other joint ventures;
- Of those councils without a company, 20% are exploring establishing a company;
- 20% of local authorities are selling housing land;
- The survey illustrates (although it does not enumerate) the range of local authority relationships in the provision of housing from government departments, housing associations, universities, builders, developers, local growth and city deals;
- The role of the Housing Revenue Account in providing housing is recognised here and is

not diminished by the inclusion of other examples of local authority housing activity. It is not the primary focus of this survey and the relationships between the Housing Revenue Account and other forms of housing provision will be explored further in the case studies that are discussed in the next chapter.

Conclusions

The desk survey has provided an indication of the increasing levels of local authority direct delivery in housing since 2017. The survey has not focused on the number of dwellings being built or provided by each council and it may not be possible to determine these for another couple of years. Neither does the survey provide any evaluation of the examples included here to produce housing. It does include some 'property companies' (usually focused on purchasing existing buildings or developing commercial sites as an investment opportunity) as well as 'housing companies' (focussed on delivering housing, for a range of motivations) and some of the companies included are inactive or dormant. However, it is clear a wide and increasing range of activity is being undertaken by authorities and this can be recognised through the weblinks provided in the table for each council. The survey has indicated where local authorities have companies including joint ventures or use the Housing Revenue Account. It is also worth noting that where local press coverage is included about the local authority engagement in housing delivery this is overwhelmingly positive.

The 2019 desk survey shows that the engagement of local authorities in the direct provision of housing is occurring across England. It includes all types of local authority and political control. This desk survey is not evaluative and does not indicate if one council's approach is better than another, either for the local authority or for providing housing overall. However, it offers a range of examples of the ways in which councils are engaging in the direct delivery of housing and the inclusion of the weblinks in the survey may encourage local authorities to contact others to compare experiences. The desk survey does not include any details of housing numbers being achieved through all forms of direct provision of housing. This is generally the first question asked of any research in this area. At present it is not possible to find delivery outcomes for each council, but it appears that, in comparison with the 2017 surveys – desk and direct – the scale of local authority direct engagement is increasing, both by volume of homes being provided and numbers of councils engaged in delivery.

What has changed? Local authority activity

How many homes are local authorities providing through direct delivery?

Many authorities did not respond to our survey question as to the number of units delivered (particularly as regards the activity of housing companies). Similarly, the number of dwellings being provided by local authorities through direct delivery is difficult to assess by desk research, but it appears that in reviewing each council's activity in the desk survey there¹⁵⁵ is evidence of local authorities taking on larger programmes and bigger development sites. The expansion of local authority direct housing delivery will be a long process not least as councils are building their skills and working practices. It is also the case that some of the local authorities who have been

¹⁵⁵ Morphet and Clifford (2019). 'Local authority direct housing provision'
<https://www.rtpi.org.uk/media/3291304/tableoflocalauthorityhousingprovision2019.pdf>

engaging longer in direct delivery are building expert teams. These are working across all housing delivery in the council as a common development team and often this team is also providing the negotiation skills required for planning applications, particularly for viability calculations. It is also coming to light through the roundtables undertaken as part of this research that local authorities have employed a wider range of those with development skills from registered providers and the private sector to support their activities than was the case in 2017.

Funding and fees

While funding for direct delivery of housing was an issue in some locations in 2017, particularly in relation to the Housing Revenue Account debt cap, this has not been raised as a concern in the roundtables in this research. In the survey undertaken for GL Hearn, local authorities undertaking direct provision of housing indicated that the funding for their developments was primarily from their own resources or from land sales. The third most common source was the Public Works Loan Board (PWLB) which offers lower than commercial interest rates. The level of local authority loans taken from the PWLB has been increasing and was reported to have reached a seven year high in 2018¹⁵⁶. In the last financial year, the PWLB increased the value of loans to local authorities by 42%. In its annual report¹⁵⁷, the board showed that it advanced 780 loans with a value of £5.2bn to local authorities, compared to 622 loans with a total value of £3.6bn in 2016-17.

A more frequently raised issue has been around the practicalities of charging fees to capital projects particularly for planners who are less familiar with this approach in comparison with highway engineers and those in housing. However, several planners have reported at the roundtables that they have established Planning Performance Agreements with their in-house companies whether for the company programme or for individual schemes. Some councils are also using clawback/overage provisions in local authority company schemes. Other issues are also emerging such as CIL wavers for councils on housing development although these are not automatic¹⁵⁸.

Quality and standards

Since 2017, it is apparent that local authorities are even more concerned about quality, standards and design of homes provided by the private sector. A striking result when comparing our 2017 and 2018 survey data (discussed above), is that quality has become a more important driver for councils engaging in the direct delivery of housing. Local authorities want better standards for the housing their communities occupy and, in some cases, private sector homes have been reported as having space standards that are below the minima to be considered acceptable to be purchased by councils to house homeless people. Local authorities want to demonstrate how quality of design, improved space standards and external layouts can be better for place-making and long-term stability within new housing areas. Some volume builders are paying much more attention to this and are winning awards that demonstrate these practices. However, this is not the

¹⁵⁶ Brady (2018). 'PWLB loans rise as councils try to shore up financial futures'
https://www.publicfinance.co.uk/news/2018/08/pwlb-loans-rise-councils-try-shore-financial-futures?utm_source=Adestra&utm_medium=email&utm_term=

¹⁵⁷ House of Commons (2018). 'Public Works Loan Board Annual Report and Accounts 2017-2018'
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/730773/PWLB_Report_Accounts_2018_accessible.pdf

¹⁵⁸ Planning Portal (2019). 'Community Infrastructure Levy: Relief and Exemption'
https://www.planningportal.co.uk/info/200126/applications/70/community_infrastructure_levy/4

case everywhere and some local authorities consider that they have to provide directly to meet these standards.

Another issue in relation to quality is that concerned with the finish of dwellings. This was a major concern in the Housing Green Paper where a housing quality regulator was appointed. Some press reports have indicated that some new properties have over 300 faults at the point at which they are handed over for occupation. In the TCPA nationwide study of affordable housing¹⁵⁹ (2018) it was found that planners considered the focus on the quantity over the quality of new housing was a false economy because the poor standards applied are storing up problems and costs for future generations. The same study found that there were major concerns for the space standards available for future generations.

Homelessness Reduction Act 2018

While all councils have retained duties in relation to homelessness even where they have transferred their housing stock to another provider, the introduction of the Homelessness Reduction Act 2018 has created the need to be more proactive in both presenting homelessness and dealing with those made homeless when they present to the council. This has meant that councils are being pulled into the provision of housing more proactively and systematically than before this Act was in place. Some councils are reviewing the whole approach such as the City of Norwich, which is taking a system wide approach including prison discharges. In other cases, the relationship between homelessness and universal credit has created issues of affordability. In Basildon for example, the local authority is located in the same building as the DWP and this has helped, although there are still problems for single homeless people aged under 35. The approaches being used include earlier intervention but also greater interaction and involvement in the private rented market. Some councils are establishing joint lettings agencies and converting some of their own properties into HMOs for younger single people. This has been undertaken by Tunbridge Wells Council that has purchased a former sheltered housing scheme from a housing association and converted this into temporary accommodation for the single homeless who were previously housed much further away. The council is reporting much better outcomes for these individuals as a result of introducing this new provision.

A particular challenge in providing housing for homeless people is the increasing distance between housing associations and local authorities. Many smaller associations that were established to take local authority stock transfers have now been merged into larger associations which have more strategic local objectives. These larger associations are less willing to house homeless people or to provide housing provision for them than formerly. There is also a sense that this puts smaller more rural local authority areas at a disadvantage as the larger housing associations are primarily interested in investing in larger schemes. Local authorities consider that there is more potential for housing associations to engage with homelessness but many are selling off their social stock rather than increasing their supply for these needs. Councils also have a lack of funding for supported housing. Broxbourne for example has 500 households in temporary accommodation.

¹⁵⁹ TCPA and Nationwide (2018). 'Planning for Affordable housing'
<https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=780d5d17-f263-4f9f-907a-05084626ce2b>

Support

As part of the Mayor of London's support package for the London Borough providing social housing through his fund, he has established both a general support and training package¹⁶⁰ and direct funding to develop skills and employ more staff¹⁶¹. These approaches are not available generally elsewhere in England although Greater Manchester has a skills package provided through funding from Homes England.

Management of council stock

Where local authorities remain as stockholders, some councils operate and manage their stock through arm's length management organizations (ALMOS). These frequently operate as companies and can act in the same way as other council wholly owned housing companies. While ALMOs have been popular in the past, there has been a growing trend for the housing stock to be taken back and managed in-house¹⁶². There are a range of reasons for this. The first is that the ALMO may be seen to be underperforming¹⁶³. Secondly, while the council can transfer the management of its stock to an ALMO, it remains responsible for the quality and management of its housing as demonstrated through the case of Kensington and Chelsea and the Grenfell Tower fire. Other councils are closing their ALMOs in order to save management costs that can be created by duplication of functions and can be reduced with a unified organisation. This is happening even where tenants would prefer the ALMO to remain¹⁶⁴.

New Homes Bonus

Since 2011, local authorities have been incentivised to support the delivery of new housing in their areas through New Homes Bonus¹⁶⁵ which is paid to them for every completed development. As council income has reduced, then New Homes Bonus has become increasingly important¹⁶⁶, although there has been a suggestion that its future may be in doubt¹⁶⁷.

Property investment

As local authorities have been experiencing the final reductions in revenue support grant before it is removed altogether in 2020, they have been seeking other ways to generate long term income to support their services. A study by CIPFA indicates that 11 councils are now running out of

¹⁶⁰ Future of London: Council-Led Housing Forum <https://www.futureoflondon.org.uk/networks/council-led-housing-forum/>

¹⁶¹ GLA (2018). 'Mayor boosts councils' homebuilding teams with new £10m fund' <https://www.london.gov.uk/press-releases/mayoral/mayor-boosts-councils-homebuilding-with-10m-fund>

¹⁶² Barker (2019). 'ALMO closures: how are they affecting services?' <https://www.insidehousing.co.uk/insight/insight/almo-closures-how-are-they-affecting-services-60071>

¹⁶³ Whitehead (2018). 'Westminster to bring housing almo back in-house' <https://www.localgov.co.uk/Westminster-to-bring-housing-almo-back-in-house/46051>

¹⁶⁴ Bassetlaw District Council (2019). 'In Touch magazine' <https://www.bassetlaw.gov.uk/media-centre/in-touch-magazine/>

¹⁶⁵ Wilson, Murphy and Barton (2017). 'The New Homes Bonus (England)' <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN05724>

¹⁶⁶ Joinson-Evans (2019). 'Brokenshire confirms £18m New Homes Bonus' <https://www.24housing.co.uk/news/brokenshire-confirms-18m-new-homes-bonus/>

¹⁶⁷ Conrad (2018). 'EXCLUSIVE: Future of new homes bonus cast in doubt' <https://www.themj.co.uk/EXCLUSIVE-Future-of-new-homes-bonus-cast-in-doubt/211949>

reserves¹⁶⁸. Many have already sold capital assets such as libraries and golf courses¹⁶⁹. It is increasingly common to establish a local authority wholly owned property company that then invests in commercial properties using the rental income to support services. Purchases of commercial investments are made either through the council's own resources or through loans from the Public Works Loans Board or other sources. These commercial properties include hotels, retail centres and offices. In some cases, these property companies are being used to purchase housing that may be held for market or affordable rent. There are a number of local authority property companies included in the desk survey findings including Spelthorne, Woking, Mansfield, Eastleigh, Ashford and the Cambridge, Cambridgeshire and Peterborough Combined Authority has just announced that it will be forming a property development company¹⁷⁰.

There has been considerable criticism of local authority property companies from the traditional property sector that regards local authorities as unwelcome disruptors to the system. They argue that this investment is risky¹⁷¹, that councils may be in competition with each other and push up prices against the public interest and that councils should not be able to raise funds at lower than commercial rates from the PWLB to make these investments. However, without any government funding and tight restrictions on local council tax and other funding, many local authorities have few options and have decided that acting as a patient investor provides a means to keep the council finally stable and running services.

Place-making

In terms of wider place-making and public concern for adequate in future provision. This was formerly dealt with through the application of public standards. These standards included those for access to schools for different age groups, parks, open spaces and play areas, libraries, bus stops, and other services that are frequently not remembered such as post boxes. Also, there were standards for emergency service responses for 999 calls so that the location of fire, police and ambulance stations in relation to development were important. Since the late 1990s, these standards have been removed, not least as part of government reducing requirements on local authorities. At the same time, the NPPF 2012 allowed for local plans to include standards such as these that have been lost together with new standards such as Wi-Fi speeds and broadband access. This clarity of the provision of standards has been lost through the revised NPPF (2018). Further, apart from parking standards and some for play areas, most local plans have omitted inclusion of these standards, making it difficult to reinforce quality of place through access to services. However, it is not only about access but the quality and capacity of such facilities that are important. Thurrock Council undertook an infrastructure study that gave each service a traffic light

¹⁶⁸ Wainwright (2019). 'English councils warned about 'exhausting' reserve cash'
<https://www.bbc.co.uk/news/uk-england-48280272>

¹⁶⁹ Bawden (2018). 'Councils forced to sell off parks, buildings and art to fund basic services'
https://www.theguardian.com/society/2018/mar/14/councils-forced-sell-parks-buildings-art-fund-basic-services?CMP=Share_AndroidApp_Gmail; Young (2018). 'Questions raised over possible land deal for council-owned golf course' <https://www.hulldailymail.co.uk/news/hull-east-yorkshire-news/questions-raised-over-possible-land-1376639>

¹⁷⁰ Cambridgeshire & Peterborough Combined Authority (2018). 'Combined Authority launches bold, innovative and ambitious housing strategy' <http://cambridgeshirepeterborough-ca.gov.uk/news/combined-authority-launches-bold-innovative-and-ambitious-housing-strategy/>

¹⁷¹ Davies (2018). 'The public service gamble: Councils borrowing billions to play the property market' <https://www.thebureauinvestigates.com/stories/2018-12-04/councils-borrow-billions-to-buy-real-estate>

assessment for adequate, adequate for now and needing improvement¹⁷². This provided a good basis of evidence for the infrastructure delivery plan and guidance for developer contributions and the council's own priorities.

The provision of services and infrastructure was once a determinant of the location of development rather than a residual to be retrofitted after the consent was delivered through contributions. This has raised uncertainty about their delivery as viability and s106 agreements are renegotiated or infrastructure delivery tied to housing delivery may be provided some time in the future where there are slow build out rates. While it seems difficult to contemplate the reinstatement of standards by central government, despite these being useful for place-making, it might be possible for local authorities working together with other bodies to adopt some standards. Bodies such as Public Health England could support the development of access standards by walking and cycling to local facilities and include mental health standards for these services, which require social interaction such as day centres for older people. These are primarily public services and are within the ownership of local authorities. Where there are major developments these social infrastructure standards can be adopted as a determinant against which to evaluate design and the location of any new facilities. While the Government may not wish to adopt delivery standards for local services, this approach could be adopted more systematically across local plans. The Local Government Association (LGA) could support the development of a standard set of access standards and these could be systematically adopted within local plans. In the period until the local plan is adopted, then it would be possible for councils to adopt them through council resolution using their wellbeing powers.

Mechanisms for delivery

Housing Revenue Account

Since 2017, there have been significant changes to the way in which the local authority Housing Revenue Account can operate. As a political rather than an accounting construct, any changes are driven by political considerations. The changes that have been applied since 2017 have been in part associated with proposed changes that were introduced in the 2016 Housing and Planning Act, particularly in relation to the proposed enforced sale of higher priced property. Secondly, after an open competition for funding from local authorities with a Housing Revenue Account, the Prime Minister decided to remove the borrowing debt cap, and this was delivered in the Government's 2018 Autumn statement¹⁷³. The setting of council housing rents on a reducing scale has also been reversed, and from 2021 councils can now start to increase rents, which will allow more investment, although some local authorities are of the view that these rent increases are not high enough and remain low by market and housing allowance standards. These changes have meant that many local authorities with a Housing Revenue Account are beginning to embark on housing

¹⁷² Thurrock Borough Council (2006). 'Infrastructure Deficit Study 2004 - 2021' https://www.thurrock.gov.uk/sites/default/files/assets/documents/ldf_tech_infrastructure.pdf ; Thurrock Borough Council (2010). 'Thurrock Infrastructure Prioritisation and Implementation Programme' https://www.thurrock.gov.uk/sites/default/files/assets/documents/ldf_tech_infrastructure_2010.pdf

¹⁷³ Grayston (2018). 'The cap is scrapped! Where next for council housebuilding?' <https://blog.shelter.org.uk/2018/10/cap-is-scrapped/>

programmes, which have been dormant for a long period of time¹⁷⁴.

While this research has been focusing on the ways that councils have been building homes outside the Housing Revenue Account, there has also been a new initiative by the Mayor of London to support local authorities in building council housing again using £1.75bn funding with the objective of building 10,000 homes. Councils were invited to bid for grant funding that would allow them to build housing at council housing rents¹⁷⁵.

While this research has not concentrated on the ways in which local authorities are delivering housing through the Housing Revenue Account, the Government's decision to remove the cap for the Housing Revenue Account in 2018 has provided a significant push to those councils that are stockholders. Some councils were establishing companies to develop housing, as they were near to their limit in terms of borrowing, are now considering the role of these schemes in the Housing Revenue Account instead. The Government's introduction of tenant ballots for estate regeneration may, however, add to a perceived level of delay in delivery of this type of scheme which might make them less attractive in some locations, although the rationale for this democratic reform is understandable. Councils are also concerned about using the Housing Revenue Account when it continues to have Right to Buy provisions and they are concerned that stock which is being built now will eventually be lost to the system.

Wholly owned companies

This research has reviewed the increase in the number of local authorities wholly owned companies for the provision of housing. In the desk survey of all local authorities in England undertaken in 2017, 57% of local authorities had a company and in the 2019 survey this increased to 78%. The 2019 desk survey also identified that of those councils without a company, 23% were considering starting a company. Some of these companies are property companies focussing on investment in retail and commercial properties and some are dormant. However, some council property companies include housing investment within or outside their areas.

Joint ventures

In the NPF/RTPI research undertaken in 2017, little specific information was collected on the extent to which local authorities have been undertaking the delivery of housing using joint ventures with a range of partners. As discussed above, in our 2018 survey sent to authorities, it was found that of those councils with a company, about one third of these were joint ventures. In our recent desk survey, it was found that 57% councils overall had some form of joint venture that included housing. These arrangements could be with the private sector, with a registered provider, other councils or with other public bodies such as universities, the police or the Ministry of Defence.

The type of joint venture also varies. In some cases, the council contributes land and the partner contributes funding and expertise. In other cases, two local authorities might work together to

¹⁷⁴ Laversuch (2019). 'Plan for 600 new council homes for key York workers'

<https://www.yorkpress.co.uk/news/17362928.plan-for-600-new-council-homes-for-key-york-workers/>

¹⁷⁵ Eichler (2018). 'Sadiq Khan announces plan to build 10,000 council houses'

<https://www.localgov.co.uk/Sadiq-Khan-announces-plan-to-build-10000-council-houses/45301> ; GLA (2018).

'Building Council Homes for Londoners: FUNDING PROSPECTUS'

https://www.london.gov.uk/sites/default/files/building_council_homes_for_londoners_16_may.pdf

commission housing and to share the risk such as Barley Homes in Suffolk¹⁷⁶. The partnerships with housing associations also vary. The relationship between Brighton and Hove Council, and Hyde has been established on a 50/50 basis while others have different arrangements. Further information on the local authority joint ventures is found in the RTPi desk survey that is published with this report.

While joint ventures are a popular mechanism for providing housing, there were a range of responses to this method of working within the roundtables held as part of this research. While some councils found joint ventures to be useful, particularly where there was a perception of low skill levels within the council, there were several other issues raised in the discussions. Some councils found that working with joint venture partners was slower than if they were developing through their own company. Some councils considered that the arrangements for the use of technical expertise and advice did not work well. Others were concerned about the financial arrangements. Overall, the main concerns about council joint ventures were about the speed of development and the inability of the local authority to influence their joint venture partner in this. There were also concerns about the type of development being provided and whether or not it was likely to be policy compliant in its delivery. This may suggest the need for different contractual arrangements and a greater clarity in the specification.

Partnerships

In the desk survey undertaken for the RTPi research and published with this report¹⁷⁷, there were numerous councils engaging in what they described as a 'partnership' working with other bodies. It was difficult to determine what legal arrangements, if any, might be underpinning these partnerships, but it was also clear that many local authorities that are not active in the other methods of delivery set out here, were finding ways to deliver housing through what they describe as partnerships. For some councils this might be through agreements with registered providers for the use of dwellings provided through s106 agreements including the use of commuted sums in return for nomination rights. In some councils that are not stockholders, such as Derbyshire Dales District Council¹⁷⁸, this method of partnership delivery was their main means of delivering affordable housing. This approach is also used in regeneration schemes where councils might be providing guarantees for investment or have other legal relationships with land owners and developers. While these arrangements seem to be fluid and less formalised, they appear to be working to provide housing in a variety of ways. This type of arrangement could benefit from further investigation to find out how it works and whether it is about close or aligned working relationships or whether there is some contractual basis. This is considered further in the next stage of this research reported here.

One example of the use of semi-formal partnerships is in the City of Carlisle where the council has relationships with housing associations and is attempting to deliver some social value through the delivery of training in skills. The council is also considering a joint venture. Some councils have broader partnerships to describe all their activities such as that in Trafford, which has the Great

¹⁷⁶ Barley Homes <https://barleyhomesgroup.co.uk/>

¹⁷⁷ Morphet and Clifford (2019). 'Local authority direct housing provision' <https://www.rtpi.org.uk/media/3291304/tableoflocalauthorityhousingprovision2019.pdf>

¹⁷⁸ Bisknell (2018). 'More than 500 affordable homes are to be build in the Derbyshire Dales to help those struggling to buy a house' <https://www.matlockmercury.co.uk/news/more-than-500-affordable-homes-are-to-be-build-in-the-derbyshire-dales-to-help-those-struggling-to-buy-a-house-1-9239201>

Places umbrella partnership for housing and planning.

Working with the NHS

There are a number of ways that local authorities are working with the NHS in the provision of housing. These include the general health of those in fuel poverty. Secondly, there are schemes for older people, including for delayed discharges from hospital and dementia care, combatting loneliness, and thirdly for key worker housing for health staff. Councils are also acting as joint developers for housing with local clinical commissioning groups (CCGs) and other NHS partners.

There is a wide concern that planning and wider regulation is not improving public health and this lack of attention to these issues is driving up costs in the NHS¹⁷⁹. Local authorities now have responsibilities for public health and are increasingly engaging in prevention and solutions. The role of those whose health is affected by fuel poverty is frequently addressed in the Joint Strategic Needs Assessment for the authority. It can be a considerable problem as those affected by this may frequently be people who own their own homes but who have no funds or resources to improve them¹⁸⁰. These homes may also be in low market areas where it is not feasible for sale and alternative purchase of a house within the market value of the home. Further, where their home is owner occupied it is not possible for the council to provide grant aid to improve the property. This is a continuing conundrum and the Smith Institute has estimated that this is an issue for over one million people primarily those living in the north of England¹⁸¹. Where the issues of fuel poverty relate to the building construction type then there may be advantages in undertaking whole areas schemes. If this is not forthcoming, then there may be health and wellbeing interest in using s106 funding to improve these properties so that older people can stay in their own homes, and this may be quicker than attempting to purchase and rehouse the current owners.

A second way in which local authorities are working with the NHS is through meeting the needs of older people. In some cases, this is through providing purpose-built accommodation such as that in Wigan, and which is discussed in more detail below. This provision provides social contact that is also important to combat loneliness, which is an issue when many older people do not have any family to support them. In addition, local authorities are increasingly providing housing that can be used by dementia sufferers and we have seen a number of local authorities making this direct provision in this study¹⁸². Both types of housing for older people will need to be included in the local plan and may need sites allocated for these purposes. It is also likely that local authorities will need to provide this kind of housing directly as it will not be funded by the market. It should therefore be identified as a specific need in local plans.

Another type of relationship between local authorities and the NHS is in the management of delayed discharges from hospital into transitional housing arrangements which may be on a pathway to less supported living. In Basildon, the council has been exploring a scheme for this

¹⁷⁹ Vize (2019). 'Government policy makes people ill – and the NHS pays the price' <https://www.theguardian.com/society/2019/may/29/government-policy-makes-people-ill-nhs-pays-price>

¹⁸⁰ The Smith Institute (2018). 'The hidden costs of poor quality housing in the North' <http://www.smith-institute.org.uk/book/the-hidden-costs-of-poor-quality-housing-in-the-north/>

¹⁸¹ Ibid

¹⁸² Sutton Council (2019). 'Dementia - support for adults' https://www.sutton.gov.uk/info/200333/adult_social_care/1082/dementia_-_support_for_adults; LABM (2017). 'New housing scheme for older people and dementia sufferers honours local World War I heroes' <https://labmonline.co.uk/news/new-homes-for-older-people-scheme-honours-world-war-i-heroes/>

type of housing using some of the council's own stock on loan to the CCG, which can offer higher financial support levels¹⁸³. In Northumberland, housing for older people has been provided using surplus land within hospital sites¹⁸⁴.

A further way in which councils have been working with the NHS is through the provision of key worker housing for all types of medical and ancillary staff. Some councils are exploring the ways that this might operate including Spelthorne and the Isle of Wight, and there are now some commercial providers entering this field of delivery. In some cases, local authorities have been working with the NHS through One Public Estate to develop housing on hospital sites for staff including in Finchley in London and Southampton¹⁸⁵.

The role of LEPs and combined authorities

The role of LEPs in housing provision

While not much discussed, Local Enterprise Partnerships (LEPs) have been active in providing funding and support for housing delivery within their areas¹⁸⁶. On the LEP network website, it states that the LEPs have provided funding to provide for 93,200 homes¹⁸⁷ which are primarily through market support mechanisms. In one example, Carlisle City Council considers that the LEP has been later to this role in housing provision than others and is now catching up. This area has recently been awarded a Borderlands Growth Deal by government¹⁸⁸. One of the main challenges that the LEP is addressing is that the area has primarily an ageing population and it will be important for the economic future of the area to attract and retain younger people. One of the strategies that is being used by the council is through St Cuthbert Garden Village. While the LEP is involved, there is an important role for public sector housing delivery within this and the council is leading change in the provision of housing quality through its leadership and delivery roles.

The role of combined authorities in direct delivery of housing

An increasing number of local authorities are now part of combined authorities and now 50% of England's population lives within a combined authority. The extent to which the mayor of the combined authority has any responsibilities for housing and planning will depend on their specific regulation when they were established. However, it is possible to see the role of combined authorities increasing in the provision of housing although this varies from place to place. In London, the Mayor of London has the devolved responsibilities for strategic planning and for

¹⁸³ Illman (2018). 'Success regime records huge delayed discharges cut' <https://www.hsj.co.uk/basildon-and-thurrock-university-hospitals-nhs-foundation-trust/success-regime-records-huge-delayed-discharges-cut/7022825.article>

¹⁸⁴ Northumberland County Council (2018). 'Extra Care and Supported Housing Strategy' <https://www.northumberland.gov.uk/NorthumberlandCountyCouncil/media/Health-and-social-care/Care%20support%20for%20adults/Extra-Care-and-Supported-Housing-Strategy-NCC-2018-v3.pdf>

¹⁸⁵ Local Government Association, MHCLG and Cabinet Office (2018). 'One Public Estate: Building A Movement Through Partnership 2018' https://www.local.gov.uk/sites/default/files/documents/11.120%20OPE%202018%20prospectus_v13.pdf

¹⁸⁶ Sandford (2017). 'Combined authorities' <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN06649> ; Sandford (2019). 'Devolution to local government in England' <https://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN07029>

¹⁸⁷ LEP Network <https://www.lepnetwork.net/>

¹⁸⁸ HM Treasury (2019). '£260 million announced for the Borderlands growth deal' <https://www.gov.uk/government/news/260-million-announced-for-the-borderlands-growth-deal>

housing and operates where Homes England exists elsewhere. The Mayor can determine how funding should be used and set limits for grant funding for affordable and council homes. The Mayor's planning powers has also been used to identify the extent to which affordable housing is to be provided on new developments. Unlike all other combined and local authorities in England, the Mayor of London's planning powers is not derived from the 2004 Planning and Compulsory Purchase Act but rather the 1990/1991 Planning Acts, and this provides for an examination in public of the plan rather than an examination against tests of soundness by an independent person.

In other combined authorities that have been established subsequently, there has not been a similar devolution of power. Instead, Mayors have received funding for housing through specific 'deals' such as that given to the West Midlands by the Government. This comprises of a commitment to provide 215,000 homes in the next 12 years and was agreed in 2018. It provides the West Midlands with £350m¹⁸⁹. Subsequently, in 2019, the Mayor of the Combined Authority announced a £10bn programme for housing across the CA's area¹⁹⁰.

In the Greater Manchester Combined Authority (GMCA), there are two motivations for the focus on housing provision. The first is the diversified supply of housing and the second is to increase the volume of affordable housing. There is a joint venture with Greater Manchester home providers and this is developing into a programme. The Greater Manchester Strategic Spatial Framework (GMSF) is focussing on town centres as locations for new housing and reducing the use of the Green Belt, with 87% of housing now elsewhere. However, the combined authority bodies have a viability challenge and want to demonstrate and deploy a range of delivery mechanisms across the area. There is also a focus on the needs of older people and the concentration of younger people in Salford and Manchester. In the CA, the housing and planning portfolios are combined and led by the directly elected Mayor for Salford. The Government offered a housing deal to the Mayor of Greater Manchester in 2018 but this was withdrawn after the GMSF allocated 11% fewer homes than the Government said should be necessary. This is an interesting position as the Housing Minister told the Select Committee on Intergeneration Fairness that housing numbers were a matter for local determination. In reviewing the desk survey undertaken for this research, all MBs in Greater Manchester, with the exception of Tameside and Trafford have a housing company and an Housing Revenue Account so are potentially well placed for direct delivery of housing in the future, whichever methods are chosen locally.

One combined authority, Peterborough, Cambridge and Cambridgeshire, has agreed in 2019 to establish its own house and development company, which will comprise of three arms, for housing, for development and for infrastructure.

Doncaster is part of the Sheffield City region and regards its role and relationship with the city region as being critical. This is to support the provision of housing and jobs but also for the development of infrastructure to support development in Doncaster such as a new link road. The city region is also useful for working with Homes England and the needs in the region can be met

¹⁸⁹ Barker (2018). 'Spring Statement: West Midlands strikes housing deal with government' <https://www.insidehousing.co.uk/news/news/spring-statement-west-midlands-strikes-housing-deal-with-government-55237>

¹⁹⁰ Simpson (2019). 'West Midlands reveals £10bn development pipeline' <https://www.insidehousing.co.uk/news/news/west-midlands-reveals-10bn-development-pipeline-60547>

with an early response using their system.

In the case studies we have undertaken, a number of the authorities we have interviewed are now part of a combined authority including Bristol, Huntingdon, Doncaster, Salford and Hartlepool. The relationships between the individual authorities and the wider strategic frameworks for planning and housing are interesting to note. Croydon and Islington are part of the strategic authority for London and while it is not the same legal framework as combined authorities and has more powers, the strategic approaches on planning are becoming more similar.

For those case studies outside combined authorities, two are part of larger groups working jointly – Plymouth, West Devon and South Hams and Worcester, Wychavon and Malvern Hills. This means that only South Lakeland and County Durham are not part of any wider group.

One council, Huntingdon is a part of the wider Oxford to Cambridge development corridor identified by the national infrastructure commission. Here there is a strong focus on place as well as infrastructure and productivity. The councils involved are concerned about the quality of development that will emerge and there are still ongoing discussions about how this development will be delivered and the governance system that will operate in the corridor.

Northumberland is a member of the North of the Tyne Combined Authority which has a housing and land deal with the Government. This will be focused on specific issues in housing delivery in areas where 50% of the people live in 10% of the land area. As part of responding to this the Council leader has announced the council will be seeking to provide 1,000 homes over a three-year period which is a challenging target.

5. Exploring the key issues

From the desk research on what had changed since our 2017 report, through roundtable and advisory group discussions, and our surveys, we identified a number of issues requiring further attention. These issues were:

- The diverging gap between the Government's housing and planning policies;
- The continuing pressure that needs to be applied to housing developers on issues such as viability and affordable housing;
- The role of the local plan in supporting different types of housing since the revised version of the NPPF was published. In the roundtables that have been undertaken as part of this research, it has been suggested that bringing housing wholly within the use class order (rather than having some categories as sui generis)¹⁹¹ could be a way of ensuring that the housing that is required for the social and economic needs of the country is more likely to be provided rather than relying on the supply side approach that is currently set out in the NPPF. Here there may be a need to consider a housing use class for all housing development as for retail and commercial development;
- The continuing local authority concerns about standards and quality of housing development provided by the private sector;
- The implications for localities of the continued mergers of housing associations;
- Direct funding to be made available for improving capacity and skills of local authorities in the direct delivery of housing particularly in planning;
- The lack of support provided from government for the development of social housing in non-stockholding local authorities;
- The recognition that homelessness needs more funding at the local level to provide appropriate accommodation; and
- The issues of whether housing for the elderly and special needs (generally recognised as important) are appropriately addressed in local plans.

This led us to the following twelve issues, which we explore drawing on our desk research, roundtable discussions and case study interviews.

¹⁹¹ Estates Gazette (2018). 'A reckoning with the 'C' classes' https://app.estatesgazette.com/2018/02/20/a-reckoning-with-the-c-classes/pugpig_index.html

Issue 1: How can planning help to deliver more social and affordable housing where the council has a Housing Revenue Account?

Over 50% of local authorities have a Housing Revenue Account, which provides a mechanism for them to hold housing stock and use it to provide housing for social rent and tenure. The range of housing development of housing being undertaken by authorities with a Housing Revenue Account has varied over past years. It was expected that local authorities would be able to develop more housing within the Housing Revenue Account when self-financing was proposed in 2012 but the Government moved away from this and instead decided to restrict borrowing through the application of the Housing Revenue Account debt cap and through the imposition of a 15% reduction year on year on the rent roll, which also reduced the mechanism for borrowing. The removal of the debt cap is welcome but there are still a number of issues to consider as set out by Steve Partridge of Savills.¹⁹²

At the same time, councils were still subject to housing losses from their stock through Right to Buy and there were continued restrictions on the use of Right to Buy receipts for replacement housing both in terms of how it could be used and the time limits on its use. If local authorities did not use their receipts, then there were passed on to the Homes England outside London and the Mayor of London inside London. However, in the 2018 Autumn Statement, the Chancellor of the Exchequer removed the debt cap from the use of the Housing Revenue Account as well as the restrictions on rent reductions enabling local authorities with a Housing Revenue Account to consider building again. Some councils have already started on this path such as the London Borough of Southwark, which had proposed to deliver through a company as it was close to its own debt cap but will deliver through the Housing Revenue Account. York City Council, which has not built any council housing at this scale since the 1970s, is proposing to build 600 homes through the Housing Revenue Account as well as providing housing through a company.

The restrictions on local authorities in providing housing through the Housing Revenue Account has meant that they have been widening the types of housing activity they have been engaged in. One example of this approach is South Cambridgeshire District Council, which is described as its 'toolbox'. This has been developed in response to an overheated housing market around Cambridge but also the council trying to deal with issues of housing supply in rural areas. The council has established a property company which provides housing services and is primarily used to generate incomes to support the council in providing housing. The council has been active in the provision of self-build plots and it has a new build model that is using modern methods of construction to deliver. It is also considering ways of meeting housing affordability through specific analysis of incomes. The council is also providing increased access to private sector housing and it is finding ways of direct provision through its Ermine Street company that is cheaper than using private bed and breakfast. The council is also developing strategic partnerships with neighbouring councils to provide housing and has a set of complex case officers dealing with individual issues. Finally, one its companies is purchasing housing for rent in Nottingham and Leicester to provide an income stream for the council's services.

Other councils taking this mixed approach in addition to their Housing Revenue Account include

¹⁹² Partridge (2019). 'HRA business planning: learning from housing associations'. <https://www.socialhousing.co.uk/insight/hra-business-planning-learning-from-housing-associations-61362>

Watford Borough Council which has a joint venture with a housing association and together they are building 550 homes. This development was on site within 14 months of the joint venture being agreed. While Blackpool Council has a Housing Revenue Account it also has a major concern about house in multiple occupations (HMOs) and it is taking direct action to intervene in them through the establishment of an estate management team. In terms of its own properties, Blackpool has set out an objective to be the landlord of choice for local people and to achieve this by raising its own standards as a means of improving other housing in the local authority area. The active use of Right to Buy receipts can be seen in a range of ways, for example, in the London Borough of Tower Hamlets these are being used through the means of a Community Benefit Society to provide temporary accommodation for homeless people. Some councils are purchasing properties from the secondary market with their Right to Buy receipts.

The role of planning in delivering a Housing Revenue Account and other publicly funded housing

As part of the Mayor of London's support for boroughs to build more affordable and social housing, the Future of London organisation has been funded to provide a series of workshops on council-led housing delivery. These cover a range of topics and all the boroughs in receipt of this funding are able to send officers to attend. In February 2019, an event was held with the theme of working with your planning team, which considered the issues that emerge at different stages of the development process. At the end of the workshop, at which all participants were able to contribute to each of the five stages defined, there was a feedback session and the following points were raised and included here for wider consideration and use:

Stage 1 Pre-application up to submission

It is considered important for any council undertaking its own development, whether through the Housing Revenue Account or through a housing company, to have a clear strategy for the process and the expected outcomes that are set by the council's objectives. This can be supported by a PPA as the planning application is taken through the system. This will also need a clear statement on the expectation that council schemes will be policy compliant and while the council cannot have s106 with itself, it should be clear about what is required in such an agreement secured by a unilateral undertaking. It was also stated that this strategy should have a clear statement on the expectation of quality in the proposed development. In another round table event, there was the advice that where the council is developing on its own land or estates, it may be beneficial to re-house tenancy or other uses and possibly to demolish the existing buildings before a planning application is launched for a replacement development.

Before setting out on a pre-application discussion with planning, it was suggested that it was important for the officers promoting the scheme for the council to have some kind of public forum to obtain community views. Those present said that if the scheme needed to be changed later as part of the planning process this could also be reported back to the community and why this had occurred. All present stressed the need to be transparent at this stage. Some also recommended bringing in councillors at an early stage and remembering the new requirements for estate ballots if the scheme was a proposal to regenerate an existing local authority housing development. In this case it was also considered important that the regeneration/housing team include a member of the development management team when considering proposals for the site and also for community consultation.

A number of issues were raised about the communication required between the planning team and the council as applicant. It was stated that there needs to be a strategic overview about the relationship between the council when it is submitting its own schemes for planning permission and there may also need to be some red lines or Chinese walls set between officers dealing with the applications and those advising the officers in the council promoting the scheme. It was recognised that these Chinese walls can be difficult to manage.

Those present emphasised that it is important for the scheme promoters to have a good idea of the outline scheme so that any issues can be ironed out before this stage. A number of boroughs have a PPA with the council, as developer, whether in the Housing Revenue Account or through a wholly owned company. Mention was also made of the need to bring in the council's communications team at an early stage following meetings of the planners and the council's development team, not least as there needs to be some public explanation about the council giving itself planning consent.

Stage 2 Environment Impact Assessment and site-specific issues

At stage 2 in the process, it is important for those promoting the housing development within the council to appreciate that there would need to be discussion about specific site issues and there may be a need for an **Environment Impact Assessment (EIA)**. There may be a need for negotiation or design/layout considerations. This is also the point where development contributions will need to be considered within the context of the scheme and may relate to the expected tenure of the scheme when occupied. It was also important to be aware that the planning officer team can and may be charged as a fee against the development, and this will need to be included in the costs. This is also the time when the specific arrangements for the PPA for the development needs to be finalised and this can be part of the project plan or used for it. At this stage it may also be important to assess if any specific resources or skills will be required for the delivery of the development and if any staff will need to be recruited.

Stage 3 Final re-application process and submission

At this stage, communication between the development team and the planning team is important. It will be a stage when there is final public consultation, and this can be challenging when the scheme is being promoted and determined by the same organization. It was considered at this point in the process that there should be full member briefings particularly for ward councillors. This may need specific handling for ward councillors.

Stage 4 Preparing for determination

This is seen as the 'no surprises' stage and it is considered to be important that communication is open. At this stage, it was considered important for those promoting the scheme inside the council to prepare a communications strategy. This may need to include some FAQs such as how the council can give itself planning permission, what the benefits of the scheme might be, any specific features that are worth noting in the event of a refusal what the council as promoter intends to do next. It may also be important to specify the role of the council's planning committee if it is making a decision.

Stage 5 Post-determination

At this stage, it is likely that there will be a change in the planning team and there will be a different set of officers concerned with discharging the conditions that have been attached to the planning application. There may also be a change in the housing development team as it moves to

procurement and implementation. It is important to keep the team approach at this stage and ensure an effective handover if this is the case. The important features at this point are considered to be the timing of the development including a programme for agreeing and discharging the planning conditions. For the development team, having a project management process for any development post-consent was also seen to be crucial.

Procurement processes have also emerged in discussions throughout the study. There are concerns that the current forms of procurement practices are not adequately taking advantage of the social value rather than the lowest price approach¹⁹³. As a result, there is a loss of the additional benefits that such procurement can bring to the area. It can support local architects and builders, apprenticeships, the use of local suppliers and specific skill uses.

Evidence from our roundtables

In Taunton Deane District Council, the council has an active Housing Revenue Account and does not consider that there is a need to establish a housing company. The council has developed approximately 50 homes each year since 2012. In East Devon, the council has a Housing Revenue Account and a company. The council used its Housing Revenue Account to play an enabling role and it has also had considerable Right to Buy receipts to spend quickly, which it has used to purchase properties in the open market. While the council is keen to build, the council does not have much land in its Housing Revenue Account. There have been some tensions within the council between planning and the company and there has also been competition with registered providers to acquire market housing sites. Swindon also has a Housing Revenue Account and a company. The Housing Revenue Account has been building bungalows and housing for special needs, completing about 50 homes per year over the last five years. The council's housing company is focused on providing income and develops the smaller sites available to it.

In Gateshead, there is an ALMO and the main concern has been low demand and the constraints placed on the holder of Housing Revenue Account by the Government, including downward rent reviews that have taken a considerable amount of investment from this sector. The Housing Revenue Account debt cap has now been removed and so has the restriction on rents although as noted below, Bristol for example still considers these rent levels to be too low in comparison within the rest of the market and the benefits allowance. In Gateshead, the council has now started to build again in a small way with 25-30 units being designed by the council, which is seeking to meet specific needs through these activities. These include two bed bungalows and supported living for older people in infill sites on local authority estates.

In North West Leicestershire District Council, the council has been providing some new homes within the Housing Revenue Account and are now considering a housing company. In the company, the focus is more likely to be the returns on the council's investment rather than housing need and using the funding to support council services. The council would also welcome the opportunity to purchase land in the ownership of other public bodies more readily. Like many other councils. North West Leicestershire and Leicester City Council have to work hard to spend their

¹⁹³ NCVO (2019). 'Social value in commissioning and procurement'
<https://knowhow.ncvo.org.uk/funding/commissioning/procurement/importance-of-social-value-to-commissioning-and-procurement>

Right to Buy receipts within the current framework provided by government. Leicester City Council has a Housing Revenue Account and a housing company, Housing Leicester Ltd¹⁹⁴, and land is also an element in the Leicester City Challenge. The housing company has been given some small sites that are in the council's ownership as it is considered that will be more successful in their development than in using other means. The company has nearly 30 sites under consideration and then hope to move to develop some larger sites. The city council, like other local authorities, owns land in other local authority areas. At the same time, the removal of the Housing Revenue Account debt cap is likely to have a positive outcome for more housing development in the city.

In Tamworth, the council has been using Housing Revenue Account land for development but has also sold off other land to a developer after devising a master plan for the site¹⁹⁵. The council's view is now that in the future it would develop that land directly in order to ensure that the delivery is what is required for its area. Although skills and capacity are an issue, the development of such schemes is considered to be a way to keep staff who are otherwise leaving to join registered providers or other bodies for a wider range of experience and work.

The London Borough of Camden has a major programme to deliver 3,050 homes directly through a Community Investment programme¹⁹⁶. This is using the Housing Revenue Account and the council has also set up Camden Living¹⁹⁷ that is a provider of affordable rented homes with many set at a Camden living rent and available to households with incomes between £30,000 and £40,000, with any surplus made contributing to the council's service delivery. The council has considered development for market sale, but these are perceived to be riskier in a changing market and the council is turning to providing PRS on small sites. The removal of the Housing Revenue Account debt cap has been welcome as has the Mayor of London's skills fund to help build up skills internally and with Islington and Hackney.

Where councils are buying housing through their company as in Gateshead, then the affordable dwellings being provided are being taken into the council's Housing Revenue Account and retaining the nomination rights. In South Tyneside, the council has a strong market and is building beyond expected targets for the next four years. Market delivery is relatively straightforward but there are other issues such as registered providers disposing of their stock. However, there are areas that need regeneration and it is difficult to make the business case for them. There are also types of housing need such as care leavers that are not being met. In Darlington the council is active on all fronts including through the HOUSING REVENUE ACCOUNT, a company and a joint venture. The council has also loaned £40m to create a registered provider that is independent from the council and this is now the fifth fastest growing registered provider in the country. The council owned company is planning to build 100 homes by 2020 as a trial to see how this works in practice. In terms of affordable homes, the councils are particularly focussing on older people and specialist homes. The issue of pockets of low demand in a high demand area is also a major concern. This low demand might be in the council's own stock where there are persistent pockets in specific areas where the rest of the housing market is buoyant as in North Tyneside. These

¹⁹⁴ Martin (2018). 'Hundreds of new council homes to be built in Leicester as part of £49m plan'

<https://www.leicestermercury.co.uk/news/leicester-news/hundreds-new-council-homes-built-1895685>

¹⁹⁵ Easier (2017). 'Garden Village homes coming soon in Tamworth' <https://www.easier.com/136261-garden-village-homes-coming-soon-in-tamworth.html>

¹⁹⁶ Camden CIP <https://cip.camden.gov.uk/housing/>

¹⁹⁷ Camden Living <http://camdenliving.co.uk/>

areas might be associated with higher unemployment and the ways in which this demand can be improved will depend on improving the wider prospects for the area as a whole.

The North Tyneside Development Company is providing affordable homes to complement those in the Housing Revenue Account and while the council has a target for the company's delivery, they are not purchasing additional land as yet.

There are a number of councils reviewing the potential to build more housing within the **HRA** now that the cap has been removed including Northumberland. The council has land assembled land as part of the Local Government Reorganisation process and some of this has been earmarked for disposal which may be available for housing. The council also expects to remodel its sheltered housing stock and provide more homes in town centres. The council has also remodelled its company to focus on the delivery of housing and is providing 1,200 homes using the PRS model.

Hartlepool is the only local authority to close its Housing Revenue Account in England and then to re-open it when it reached a stockholding of 270 homes, although this was undertaken prior to the 2018 government announcements to remove the debt cap.

Other councils are developing a range of methods for delivering housing such as Stoke on Trent City Council. Stoke has a Housing Revenue Account but has a range of other housing delivery initiatives in play. It has a company, Fortior Homes, which is providing homes that meet gaps in the market¹⁹⁸ including housing for market rent in the centre of Stoke¹⁹⁹, a scheme that is part of a wider regeneration project. It is also developing homes using a hedge fund - Cheyne Capital²⁰⁰ that has been backed by Homes England to develop nearly 400 affordable homes on brownfield land. It also has a Housing Zone²⁰¹ status that has allowed it to develop 1,100 homes on seven brownfield sites across the council area. The council is also aware that every 400 new homes bring an improvement of £1m in council tax. The council is also using its funding to manage investment and has typically a 40-year payback period for schemes compared with 30 years for registered providers.

Case study: Salford City Council

In addition to being directly elected as Mayor of Salford, Mayor Paul Dennett is also the lead on planning and housing for the Mayor of Greater Manchester, Andy Burnham. Mayor Dennett was clear on the approach that he is leading inside Salford City Council to provide more affordable housing and that it had to be more than the tools available in the planning system. Their approach is evidence led and shows that the housing required cannot be delivered through reliance on the planning system. The City of Salford is a large area although most of its new housing is being developed in Ordsall and around Media City. While this increase in homes is welcome and has transformed the area, it has not provided much support for the rest of the city where there are wider housing needs including those for older people. The city has many older housing estates that it needs to renew. The council is attempting to use all the tools available through the planning

¹⁹⁸ Fortiorhomes <http://www.fortiorhomes.co.uk/>

¹⁹⁹ Smithfield <https://www.smithfieldstoke.com/new-homes/>

²⁰⁰ Greenland (2019). 'Cheyne Capital to fund £40m housing regeneration programme' <https://www.cheynecapital.com/media/2473/cheyne-capital-to-fund-40m-housing-regeneration-programme.pdf>

²⁰¹ PBC Today (2015). 'Stoke-on-Trent to become Housing Zone' <https://www.pbctoday.co.uk/news/planning-construction-news/stoke-trent-become-housing-zone/15469/>

system including viability assessment and the use of clawback for overage. However, the numbers of people on the waiting list for social rented homes and rough sleepers are rising particularly through an increase in no fault evictions. The city is also finding that registered providers are now not so interested in providing social rent homes. The council has also used private finance initiative in the past as a means of generating funding for housing.

Salford City Council has a housing company, Derive which has been established so that Salford can be directly involved in managing this shortfall. Frustration is growing at what is seen as the growing gap between what is required to provide affordable housing and the funding being made available from the Government through Homes England, where there is a focus on growing markets for funding allocation rather than housing need. The council's company was established in 2017 and will deliver its first homes in 2019.

The council has 6,000 households registered on their waiting list for housing and they have no ability to provide social rent homes through grant. The council is therefore providing social rent homes through cross subsidy. The council is purchasing housing off the shelf to add to its stock and is also using s106 to supplement its housing stock. The council has yet to purchase from the secondary market and has some reservations about this. The council considers that it is using a range of measures to provide affordable and social housing and time has gone into establishing the company and undertaking its first development. There is a recognition that the council, will need to increase its capacity if it is to increase the supply of social and affordable housing and meet Derive's business plan.

In Greater Manchester as a whole there are 97,000 people registered for social housing and the consequence of Right to Buy policies depletes the stock available for social rent. In Greater Manchester there is a view that there has to be a role for the state in providing affordable housing. While the planning system can contribute to reaching the needs targets – in Greater Manchester this is 50,000 affordable homes of which 30,000 are to be social rent, there is a view that this will not meet housing need. Greater Manchester needs to improve its productivity and skill levels. The City of Manchester together with Salford are also subject to the loss of homes through financialisation as homes are purchased for investment. Greater Manchester was offered a housing deal by government in 2018 that would have provided more powers and funding to the Mayor of Greater Manchester, but this has not been concluded (and subsequent to this interview was withdrawn by the Government on the basis that the homes targets in the Greater Manchester spatial framework were too low).

Overall, the view from Salford is that the market through the planning system will not provide the range and type of housing needed and, in the locations, required. The council is using the ways open to it to provide more housing directly and expects that these approaches will be increased as their capacity increases. The city will make as much use as it can of the housing funding available to Greater Manchester but would like to see the same kind of housing powers allocated to the Mayor of Greater Manchester as to the Mayor of London so that a range of tailored interventions can be provided across the whole of the combined authority that are not dependent on the planning system to deliver housing and where there is direct local control of Homes England funding.

Case study: Bristol City Council

Local authority context

Bristol City Council has a directly elected Mayor and is also within the West of England Combined Authority with South Gloucestershire and Bath and North East Somerset Councils. Although not part of the combined authority there is considerable cooperation with North Somerset Council on a range of issues for the four local authorities including a joint spatial framework and transport.

Bristol City Council owns 40% of the land in Bristol and 50% of the housing land and currently has 80ha of its own land within a housing programme for development using a range of schemes and approaches. It has developed a proactive approach to delivering housing using its Housing Revenue Account has set up its company Gorham Homes and it also operates in a joint venture with Wilmott Dixon, a construction company. The council has a £200m fund for housing based on borrowing from the Public Works Loans Board, of which it has drawn down £58m that is being used for a range of housing provision. This includes site preparation, development, skills and also unlocking issues that are preventing private sector sites from being implemented. This is a similar fund model to that used by Plymouth City Council. Bristol is using these combined methods in its approach to housing delivery in a variety of ways together with supporting small local suppliers. The city is also providing approximately 50 homes a year using off-site construction.

The City Council has considered its approach to housing delivery in a fundamental way and has restructured the council's internal organisation to establish a housing delivery team that comprises housing, planning, legal and finance officers. This team is focused on all the housing sites in Bristol including those in public and private ownership and is monitoring them closely to support the delivery of the proposed development. This includes sites that are in the Bristol Local Plan site allocations. The City Council has also established a Housing Delivery Board (HDB) that is comprised of council departments and other bodies concerned with housing delivery including housing associations, developers and charities. The HDB considers progress on all the housing sites in the city and the constraints are preventing delivery with a view to acting to overcome them. As part of the joint spatial framework, the council is also working to develop joint delivery mechanisms with the other local authorities involved. One example is where Bristol City Council has partly funded a special needs housing development in the South Gloucestershire Council area and will receive 40% nomination rights in perpetuity.

For Bristol City Council, the approach taken is to explore and utilise every avenue for housing provision. While the Housing Revenue Account is an important component in delivery, the City Council sees this as only one means available to it and is using a range of other methods to complement this as part of its delivery approach. The City Council considers that it can no longer build single tenure estates and that this is the way forward for all their development. In its Housing Strategy²⁰² and Affordable Housing Practice Note²⁰³, the City Council has concluded that the market-led mechanism in the local plan will not meet all of the council's housing needs and that to

²⁰² Bristol City Council (2015). 'More than a roof: Bristol's Housing Strategy 2016 – 2020'
<https://www.bristol.gov.uk/documents/20182/361915/Bristol+Housing+Strategy+2016/8612fc26-53db-4061-b5e7-182083e3dbc6>

²⁰³ Bristol City Council (2018). 'Affordable Housing Practice Note'
<https://www.bristol.gov.uk/documents/20182/34560/Affordable+Housing+Practice+Note+2018/31012544-f558-ee5a-79fd-0ee560191537>

do this will require the council to deliver social and affordable housing using government subsidy.

As part of the combined authority that has investing in infrastructure and housing one of main priorities²⁰⁴, there is a mixed package including partnership with Homes England²⁰⁵ agreed and in March 2019 Combined Authority (WECA) will discussed long-term plans for £580m in investment at its next meeting. Proposals to invest £580 million over the next 20 years to support clean and inclusive economic growth across the region and included:

- £350m for transport;
- £100m for homes;
- £80m for business;
- £50m for skills;
- £100m funding for homes would be prioritised to deliver ambitions set out in the region's Joint Spatial Plan and Joint Local Transport Plan and targeted intervention to unlock and speed up housebuilding, such as buying land for new housing or investing in infrastructure upfront to enable development.

Housing context

In 'More than a roof 2015-2020'²⁰⁶, the City Council set a target in 2014 to build 2,000 homes on brownfield land by 2020 including 800 affordable homes, some of which will be council homes. This Housing Strategy was linked to other council strategies including the Mayor's vision. It emphasised the importance of well-designed new homes that are to be provided in Bristol across all type of tenure. There is also a priority to support the improvement of housing and management standards in the private rented sector, reducing fuel poverty and reviewing affordable rented and social tenancies to identify where properties are unaffordable or unsuitable and help tenants to find a sustainable option e.g. to move or increase income/minimise outgoings. In the Housing Strategy, the City Council has set out how it intended to achieve these objectives by increasing the number of new homes by looking at its own strategies and spatial plan, making the best of existing homes and making interventions before a crisis occurred. The strategy also included the expectations set out in the housing delivery plan 2017-2020²⁰⁷ which are part of the West of England Joint Spatial Plan (JSP), which provides the framework for the delivery of up to 105,000 net additional homes and identifies a need for 32,200 affordable homes between 2016 and 2036.

As part of this JSP, the emerging target for Bristol is around 33,000 homes and the need for affordable homes in Bristol is projected to be 18,800 between 2016 and 2036. However, the City Council recognises that trying to increase and accelerate the delivery of new market and affordable

²⁰⁴ Bristol City Council (2019). 'Bristol Development Monitoring Report 2018'
<https://www.bristol.gov.uk/documents/20182/34184/Authority+Monitoring+Report/e403e9bc-36a1-45f6-a898-0b1424d2f7e8>

²⁰⁵ West of England Combined Authority (2018). 'West of England welcomes housing announcement'
<https://www.westofengland-ca.gov.uk/west-england-welcomes-housing-announcement/>

²⁰⁶ Bristol City Council (2015). 'More than a roof: Bristol's Housing Strategy 2016 – 2020'
<https://www.bristol.gov.uk/documents/20182/361915/Bristol+Housing+Strategy+2016/8612fc26-53db-4061-b5e7-182083e3dbc6>

²⁰⁷ Bristol City Council (2017). 'Bristol City Council's housing delivery plan 2017 - 2020'
<https://www.bristol.gov.uk/documents/20182/361915/BCC+Housing+Delivery+Plan+2017+to+2020/0a171f56-edfc-f584-46c6-fa171406c039>

homes is fraught with complexities and challenges. These include

- Securing sufficient investment: Delivering 2,000 homes requires circa £435million per annum, investment in Bristol's economy;
- Funding Affordable Homes: Increasing the delivery of affordable homes to rent and affordable homeownership by ensuring that the council's funds lever in funds from the Homes and Communities Agency (Homes England), registered providers, financial institutions and other funding sources;
- Partnership working: Supporting and enabling the delivery of new homes over numerous sites, liaising and negotiating with multiple delivery partners, stakeholders and communities will require significant resources, and effective collaboration among stakeholders united behind a common goal;
- Site conditions: The vast majority of sites within the city are complex urban sites which are likely to have a number of challenging site conditions which needs to be overcome to enable viable residential led development.

Bristol City Council has taken the view that the scale of the challenge means that incremental changes will not deliver change fast enough and therefore have undertaken a whole system review of the council's organization. This review identified two significant types of change were needed:

- Improvements to city-wide systems to facilitate increased delivery of homes by developers; and changes to Bristol City Council's internal development process to accelerate the delivery of housing on council-owned land
- Five key changes, by the council, to improve the housing delivery system:
- **Creation of a single, multi-disciplinary housing delivery team** to deliver the council's annual programme with performance targets, which will have its capacity increased over a five-year period. The team will work within a single housing delivery database for the whole council area and have annual priorities set by the Housing Delivery Board and monitor slippage and manage re-programming. It will over-programme viable housing delivery sites as a means of delivering the targets set.
- **Active management of a single annual housing delivery programme** agreed with the Housing Delivery Board and Cabinet that includes market delivery, including the use of s106 to provide affordable homes, direct delivery using the Housing Revenue Account and Council's own company, grant funding for registered providers and other opportunities to significantly increase the supply of affordable housing cost-effectively. The City Council is also releasing land for the development of mixed tenure housing developments.
- **Simplified strategic governance and decision-making** that will prioritise the programme, relate to all housing sites in the city and manage slippage through quarterly meetings and an annual review.
- **Interventions to remove barriers and accelerate delivery** by providing a single point of entry to the council for all housing developers through the housing delivery team. The housing delivery team will also secure planning consents for the council's own sites, procure delivery and work with all housing providers.
- **Revised City Council key policy and guidance documents** including the local plan. This will also include affordable housing funding policy, self-build/custom build guidance note,

community-led housing guidance note and a Transport Development Management Guide.

Using the Housing Revenue Account

The Council owns 15% of all housing, and between 2015 and 2019 have built 101 new council homes²⁰⁸. The development of new homes using the Housing Revenue Account²⁰⁹ is guided by the need to reduce costs, make use of all of the sites that the City Council owns, with a focus on derelict sites that we can bring back into use. The council is also focusing on improving areas for local communities, addressing the demand for affordable housing in Bristol and helping reduce anti-social behaviour on derelict sites. The council has started the next phase of the new build council housing programme and is developing 11 sites over the next three years, which will provide around 550 new homes (subject to planning consent). These schemes will include housing built in the South Bristol Housing Zone, working with the NHS at the Southmead Development Trust²¹⁰, community building²¹¹ and homelessness²¹².

Planning context

As part of the West of England JSP, all the councils have considered the delivery of housing including affordable housing that was set out in a specific topic paper²¹³. The four councils are actively investigating the model adopted by the Greater London Authority in the London Plan and the London Mayor's Affordable Housing Supplementary Planning Guidance (SPG), with amendments to reflect the specific circumstances in the West of England. Based on the experience in London, this 'carrot and stick' approach is expected to generate markedly improved levels of viability and increase the pace of delivery by introducing certainty and providing an incentive to deliver policy-compliant proposals. The affordable housing policy is likely to include:

- Requirement for schemes to provide 35% policy compliant affordable housing;
- Where grant is available to meet any shortfall, it must be actively sought and used (see para 3.23 et seq. below);
- Early stage reviews for sites that do not come forward within an agreed timescale, which may result in additional on-site affordable housing;
- Mid-term reviews for longer-term phased developments;
- Late stage reviews for schemes that do not meet at least 30% affordable housing which may result in an additional financial contribution;
- Requirement for complete transparency – all viability assessments will be made publicly available and provided when the planning application is made (this is already required in

²⁰⁸ Bristol City Council (2019). 'New Build Council Housing Completed Units' <https://www.bristol.gov.uk/documents/20182/35412/Completed+Units+JAN+2019.pdf/c87f60b5-f369-1795-5bf7-eb35895eaf21>

²⁰⁹ Bristol City Council (2019). 'New council homes in Bristol' <https://www.bristol.gov.uk/housing/new-council-homes>

²¹⁰ Southmead Development Trust (2017). 'Southmead Regeneration Project Update' <https://www.southmead.org/southmead-regeneration-project/>

²¹¹ Bristol City Council (2019). 'Community led housing' <https://www.bristol.gov.uk/housing/community-led-housing>

²¹² Bristol City Council (2019). 'Preventing Homelessness Strategy (PHS) 2013-18' <https://www.bristol.gov.uk/documents/20182/32779/Preventing%20Homelessness%20Strategy%202013-18%20Main%20body%20document%20190614.pdf/74f02511-3d00-47a9-9b83-c7e735386c08>

²¹³ Bristol City Council (2018). 'Affordable housing: Practice note' <https://www.bristol.gov.uk/documents/20182/34560/Affordable+Housing+Practice+Note+2018/31012544-f558-ee5a-79fd-0ee560191537>

Bristol);

- Affordable housing values must be evidenced and an agreed price per unit set out in the s106 agreement.

The JSP expects public subsidy to be used including:

- A bespoke housing deal for the West of England – the four Unitary Authorities (UAs) and the combined authority are in the process of agreeing the details with the Government;
- Homes England Shared Ownership and Affordable Homes Programme 2016-21 and any future Homes England programmes;
- Local Authority capital programmes including provision of land at nil or reduced value and use of commuted sums in lieu of on-site provision:
 - o Bristol City Affordable Housing programme - £50.25M to March 2022, plus Developers' contribution Fund of £2.5M
 - o B&NES Affordable Housing Capital Programme - £7.2M (2015-2022)
 - o North Somerset Council Affordable Housing Capital Funding Programme - £2M
 - o South Gloucestershire Council Affordable Housing programme: Developers' Contribution Fund - £1.6M;
- Financial contributions held by the West of England Combined Authority or at West of England level for delivery of affordable housing;
- Estates Regeneration Funding;
- Recycled funding from shared ownership staircasing that is ring-fenced to the West of England and Disposals Proceeds Funds ring-fenced to the West of England;
- Cross-subsidy from registered provider market delivery;
- Homes West Partnership registered providers have Business Plans to invest and develop higher amounts of affordable housing, which may include the use of private finance through investment bonds, surpluses and reserves, rental income, sales receipts, RCGF etc.

The JSP also expects all four councils to use housing companies to deliver their housing requirements including those set out in the joint local plan and all have either established or investigated setting up housing companies or development companies.

The JSP also includes the provision of intermediate housing products that while not meeting affordability criteria locally, do contribute towards meeting a wider spectrum of need for higher income households. These products, including low-cost market housing, are a valuable addition on top of policy-compliant affordable housing and form part of a varied 'offer' to households that are not eligible for affordable housing but will struggle to buy on the open market. The four UAs have jointly commissioned an affordability model to ensure that assessment of intermediate products will be carried out consistently across the West of England to a standard set of assumptions. Testing on individual sites may establish that some of the delivery from these sources can legitimately be added to affordable housing delivery figures, when completed. The intermediate products that contribute towards widening opportunities for home ownership (as required under NPPF § 50) but may not meet local affordability criteria include shared ownership sold at 50% equity and 2.75% rent on the unsold equity (or higher, starter homes, discounted market sale – affordability will depend on the open market value at which the properties are sold and Rentplus).

In improving delivery of affordable housing, four categories were identified to be explored in more detail:

- Additional subsidy – current projections assume that any available subsidy will be required to bring delivery up to policy compliant levels;
- Taking control – all four UAs are actively considering ways to take better control of delivery, including setting up housing companies. The affordable housing target considers the projected programme in Bristol where a housing company will shortly be in place;
- Increased requirement - an uplift to allow for affordability of 10% in Wider Bristol and 20% in the B&NES HMA has already been added to the housing requirement in order to boost supply;
- Building partnerships – an assessment of the capacity and appetite of registered provider partners has been carried out that indicates that the affordable housing target can be met.

The JSP has a focus on improved delivery through local plan policy by:

- Reduced thresholds: 35% of affordable housing will be required on all sites delivering five or more dwellings or sites larger than 0.2 hectares, whichever is the lower.
- Self-contained accommodation approved under Use Class C2 or sui generis;
- 35% of affordable housing will be required on all self-contained residential accommodation including older persons' housing and student accommodation built off campus;
- The ability of registered provider partners to deliver the affordable housing target is critical to success. A partnership of 18 registered providers is in place to deliver affordable homes in the West of England (the partnership also includes Homes England, the National Housing Federation and the four LAs). This is known as HomesWest. An assessment of the capacity and appetite of HomesWest will be made.

Providing housing in practice

In undertaking this case study, a number of questions and issues have been posed by the research. These have included whether housing targets are achievable using the local plan alone or whether the use of local authority land, powers and assets are required in practice to deliver the housing that any local authority needs. We were interested to hear about the role of the integrated, multi-skilled housing delivery team in delivering housing. We were also interested to hear about the potential role and effects of the Government's removal of the housing debt cap in November 2018 and its relationship with the council's own company. Finally, we were interested to learn about the role of the joint plan approach and the WECA in supporting housing delivery.

In addressing these issues, we asked how the council's delivery of housing is working slower than the council would like. The council would like to be delivering 800 affordable homes instead of the 100/200 that are on course to delivery at present. The key issues for delivery as seen by the council are land, money and planning in that order. In terms of delivery, the council's land ownership is critical to achieve its objectives and the council has agreed to borrow £200m to support housing delivery through the general fund. Also, the removal of the housing debt cap will help. The council regards planning as a tool, but it has been too degraded to deliver the level of affordable housing that is required.

Working through the JSP, the council has not only developed a joint planning approach but also a joint delivery approach and it has secured 200 nomination rights in a neighbouring authority. In the joint plan, that is examined in July 2019, the councils have tightened their approach to viability and developed housing developer policies that will use a range of delivery vehicles including a the

Housing Revenue Account and all four councils are investigating the establishment of their own housing company, of which two are now in process or operational.

In relation to its own company, the council, has had a scheme refused planning consent. They decided not to appeal but have redesigned and resubmitted the scheme for planning consent.

Now that the Housing Revenue Account cap has been removed then the council is preparing a programme of development which will include new build projects and regeneration schemes. The council is also buying back Right to Buy properties where there is a prospect of regeneration or a new scheme being developed. They are also buying back properties when they are empty. The council hasn't decided what the Housing Revenue Account headroom will be but will be modelling 500 sites through business planning processes at the moment. The council is also buying street properties and ex-council housing for temporary accommodation for homeless people, but acquisitions depend on what comes on the market. Because the economics of the housing market have changed in Bristol, the council is now purchasing more suburban properties.

The council looked at the model in Plymouth and decided to merge roles and make the Director of Planning responsible for housing delivery. In order to deliver housing, the council, has established a housing delivery team which is working in the list of all housing sites in Bristol – public and private and looking at development and delivery. This is a total of 1000 sites. The council is looking at enabling using s106 and supporting grant programmes for housing associations.

The biggest challenge is providing affordable housing in the city and this is being tackled by using all available means. In addition to developing its own sites the councils are also making sites available to housing associations and community land trusts if they can develop at pace. The smallest sites owned by the council are being put forward for self-build. The council is building 800 dwellings on 20 sites and the largest sites are being developed by the council's housing company.

The council has given priority to sustainable design and is trying to build passive homes. The council is also focusing on the public realm and also has strong links between housing locations and public transport in the transport plan. Bristol is the first council to declare climate neutrality and has a strong renewables policy and is using ground source heat pumps on its own estates as well as solar panels to generate electricity.

A major issue in the city is land value particularly for student housing. Here the council, would like to apply a business rate to these blocks to reduce the incentives to develop them but currently they provide high yields for investors. Overall these student homes force up land values. The council would also like to see Permitted Development Rights removed so that no housing can be provided outside the planning system.

Findings

Lifting the Housing Revenue Account borrowing cap has been broadly welcomed by local authorities, who plan to deliver more housing as a result, but is not seen as sufficient alone to deliver all the affordable housing required.

The key findings on the ways in which local authorities with Housing Revenue Accounts are providing housing using planning and other means are as follows:

- The existing local plan process will not provide the range of type of sites required to meet

- all local housing need, including social housing funded by the Housing Revenue Account;
- Delivery of housing by local authorities is best served by a whole council approach with political leadership;
 - Establishing a housing delivery board that sets priorities and targets and monitors them on a regular basis throughout the year is essential to support housing delivery;
 - Establishing a multiskilled housing delivery team can support housing delivery where it manages all housing sites and local plan delivery;
 - Having a single point of contact for each and all housing sites provides a clearer way to manage delivery and allows the council to organise its own internal teams to meet delivery;
 - Active management and monitoring are crucial to housing delivery to consider interventions or rescheduling year in year;
 - Housing needs like fuel poverty, landlord issues and homelessness all have implications for the local housing market and should be included in local plan assessments; and
 - Over programming of housing delivery sites in the local plan supports more housing delivery and meets local plan requirements.

Issue 2: How are councils achieving housing delivery without a Housing Revenue Account?

For those local authorities that have transferred their housing stock and no longer have a Housing Revenue Account, there are a range of methods open to them to directly provide housing. All councils have powers to build housing including using powers for land, they can provide housing to meet wellbeing outcomes using 2000 Local Government Act s2 wellbeing duty and the powers to act as a company in the Localism Act 2011 s1-7. All local authorities can establish a company²¹⁴, a joint venture with another partner, a community benefits society, become a registered provider or build and hold housing in the general fund account of the council.

Wholly owned company

Where local authorities have wholly owned companies these can be in a variety of forms and with different objectives. Some councils have an umbrella company such as MB Gateshead whereas others have set up a range of companies to meet different needs such as the London Borough of Hounslow and South Cambridgeshire District Council. Some councils have created fully independent companies which exist entirely in the private domain such as the London Borough Croydon's Brick by Brick and Cambridgeshire County Council's This Land. As they are outside the public sector, these companies are not required to comply with EU competition requirements such as advertising contracts in OJEU. In using this type of company, local authorities have to be careful about state aid issues and to ensure that rates charged, and services supplied are equivalent to those in the private sector. Other councils are using a Teckal structure which means that the company has to meet two tests – of control and function²¹⁵ and here the activities are not subject to state aid tests. Councils are using these structures to provide housing because they offer tax advantages which provides more funding to invest in housing or support council services.

Where local authorities are using wholly owned companies it has been said that they are trying to prevent 'development leakage' that is they are attempting to ensure that all the returns are made to the council. Another reason for using a council company may be to provide specific types of housing that is not being provided by the market locally including social and affordable rented homes that councils can provide through cross subsidy within the development.

There are some key issues in establishing and managing a company. The first is to consider its aims and objectives including whether it is there to make a financial contribution to running the council's services or whether it is intended to be a direct provider to meet housing need. In some cases, the company may be purchasing properties from the secondary market within the local authority area and/or more widely to meet homelessness needs or to generate income to support council activity. The surplus created by the local authority housing company is not profit but is used to either support council services or can be used to reinvest in more development. The council may take a return on the company's surplus or may decide to accept properties into the Housing Revenue Account or general fund as part of its local repayment from the company.

²¹⁴ Baigent (2016). 'How To Set Up A Local Housing Company: A practical guide' http://www.markbaigentconsulting.co.uk/uploads/7/8/5/3/78535060/how_to_set_up_a_local_housing_company_3.pdf

²¹⁵ Forster (2016). 'Teckal – the basics explained' <https://www.cipfa.org/policy-and-guidance/articles/teckal-the-basics-explained>

When considering the management of the company, there are a number of different approaches. In Wolverhampton, Wolverhampton Living has a board comprising of council officers compared with Barking and Dagenham's Reside, which has a board that comprises of those who are not members or officers. It can also be challenging for councillors to appreciate that there is a requirement to keep a clear separation between any council owned company and the council's decision making. Once the council company has been established, it will be operating within the terms of aim and objects provided to it and managed by the board. This means that it cannot be influenced in its day-to-day operation by councillors or officers which are not on its board. This separation, and some of the tensions that it may give rise to, will take a time to work through the system.

In our research, we have found that when local authority council companies make a planning application, then it is usually policy compliant as they are concerned to act as model applicants. However, some local owned companies have had their planning applications refused. We have not heard of any council company taking such a planning application to appeal and they are more likely to resubmit. Local authorities also cannot have s106 agreements with themselves and so make a unilateral undertaking in place of this. Local authority companies will also be subject to CIL payments where there is a scheme in operation although they can ask for these requirements to be set aside for their planning applications, although these do not need to be agreed either within the council or where the council owns development land elsewhere.

Joint venture

Joint ventures can be established by local authorities with a range of partners including other councils, housing associations, charities and private sector organisations. They are discussed in more detail in Issue 8 later in this report.

Direct development using general fund

Local authorities can purchase land and buildings and develop using general powers that they have under the Local Authorities (land) Act 1963 and other legislation such as the 2000 Local Government Act s2 and 2011 Localism Act 2011 s1-7. If local authorities decide to provide housing under the 1985 Housing Act s2, then they will need to open a Housing Revenue Account even where they own fewer than 200 properties, when they will receive permission from MHCLG to hold them without a full Housing Revenue Account. Where local authorities purchase land and buildings or develop them for housing, then it is important that they determine which legal power is being used. If this is not expressed at the time of the purchase or development for housing, then there is an assumption that development is occurring under the 1985 Act. If councils wish to pursue housing provision for other wellbeing or commercial reason, they this should be made clear at each point in the decision-making process and kept separately in the council's accounts and budget. If housing is provided under the land, wellbeing or commercial powers then there is currently no requirement to offer Right to Buy to these occupiers although it is not possible to offer secure tenancies as would be the case under the 1985 Act. Properties that are held in the general fund can be moved into the Housing Revenue Account if the council has one.

Community Interest Company

Community Interest Companies (CIC) are limited companies which operate to provide a benefit to

the community they serve²¹⁶. They are not strictly 'not for profit', and CICs can, and do, deliver returns to investors. They can be used to provide housing and have a range of benefits and disbenefits.

Community Benefits Society

A number of local authorities are using a Community Benefits Society (CBS) as one of their mechanisms to provide housing. The London Borough of Tower Hamlets has this as one of their four methods of providing housing together with the Housing Revenue Account, a housing company and a community Interest company. The council is using the CBS primarily to provide temporary housing for homeless people using the funds that it receives from Right to Buy receipts. The CBS is an arm's length organisation from the council, but they consider that it provides the best means to provide this type of housing. Other councils using this approach include the Royal Borough of Kingston upon Thames and The London Borough of Southwark. It is also frequently used by housing associations.

Registered provider

Some local authorities are registered in their wholly owned companies as registered providers such as the London Boroughs of Barking and Dagenham and Lambeth²¹⁷ and can be used as a registered provider for profit. However, it has been commented on doing this study that this role of local authorities registering as registered providers is a new one for the regulator and this may evolve over time.

Partnership working

While the desk survey for this study identified that 78% of local authorities are active in providing housing using formal means, there also emerged another group of local authorities which were identified as providing affordable housing through what they described as partnership means. It was not possible to identify what these partnership means were in detail and whether or not they have any legal or final bases. However, these approaches seem to be successful in providing affordable housing. One example of this approach is Maldon District Council²¹⁸ which has no Housing Revenue Account, joint venture or company but where housing is being provided through partnerships between a parish council and registered provider on an exception site. The scheme is providing some market housing, but the scheme is ring fenced for provision for the local community including older people. Other councils providing significant numbers of affordable homes through partnerships include Derbyshire Dales District Council²¹⁹ and East Lindsey District Council²²⁰.

²¹⁶ Community Interest Companies <https://www.gov.uk/government/organisations/office-of-the-regulator-of-community-interest-companies>

²¹⁷ Simpson (2019). 'Lambeth Council-owned company secures housing association status' <https://www.insidehousing.co.uk/home/home/lambeth-council-owned-company-secures-housing-association-status-60740>

²¹⁸ Maldon District Council (2019). 'Finding a home' https://www.maldon.gov.uk/info/20055/finding_a_home/7073/finding_a_home/2

²¹⁹ Derbyshire Dales District Council (2018). 'More than 500 affordable homes in pipeline' <https://www.derbyshiredales.gov.uk/your-council/news-and-publications/latest-news/2713-more-than-500-affordable-homes-in-pipeline>

²²⁰ East Lindsey District Council. (2019) 'New affordable housing developments coming soon' <https://www.e-lindsey.gov.uk/article/6128/New-affordable-housing-developments-coming-soon>

Exploring multiple approaches

Some local authorities are beginning to consider how they can engage in housing delivery and are being assisted by a housing advisers' scheme being provided by the LGA²²¹. One example of a council in this group is Preston City Council that does not have a Housing Revenue Account or a company and has an open mind about the best way forward. Preston is also part of the Central Lancashire City Deal²²² that has provided funding to support in housing delivery. In Preston, developers are providing housing for sale in a circle around the city centre. The council has a number of smaller and medium sized sites and is considering how best to develop them in a way that enhances place-making. The council is considering a range of mechanisms for site disposals, to establish a delivery vehicle or a joint venture. The council is also considering a company that will target the use of s106 funding for housing provision. A similar approach is being undertaken by Blackburn Council which has a company and a development framework but is still considering other methods that it can use. It is already purchasing empty homes and putting them back into use and taking an active approach to smaller stalled sites.

Evidence from our roundtables

The motivation expressed by local authorities to engage in housing delivery remains high. This is also encouraging some councils to work together such as those in Dorset who formed the Dorset Councils' Partnership before becoming a unitary council in 2019. In this group of three authorities, there was a concern to achieve the delivery of 20,000 homes between the councils using a variety of methods as appropriate in each case. The councils were concerned about market failure in housing and were not in favour of using the Housing Revenue Account route. The councils were keen to avoid the obligation to make homes available for sale through Right to Buy and have instead been considering other forms of delivery and there is a focus on affordable housing.

In Broadland District Council, the council is not a stockholder, but it has a joint venture with Norfolk Property Services Company that has purchased surplus NHS land that has led to 14 passive homes being built²²³. This was said to be challenging, not least as local authorities have become de-skilled for housing delivery, but the council decided to progress the scheme that is now completed. In Teignbridge, the council is no longer a stockholder and has chosen to register as a registered provider so that the council can bid for government funding through Homes England. The council has been considering establishing a joint venture with a housing association, but this did not proceed. Instead, the council has developed a capital programme using the general fund and where they have returns which are providing some funding to local registered providers to support their delivery. In Torbay, the council is using their existing company, Torbay Development Agency to take on the responsibility for housing delivery.

²²¹ Local Government Association (2018). 'Housing Advisers Programme 2018/19'

<https://www.local.gov.uk/topics/housing-and-planning/housing-advisers-programme-201819>

²²² Lancashire, Preston and South Ribble Local Authorities and the Lancashire Local Enterprise Partnership (2013). 'Preston, South Ribble and Lancashire City Deal'

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/239275/Preston_and_Lancashire_City_Deal.pdf

²²³ Passivhaus Trust (2018). 'Carrowbreck Meadow'

<http://www.passivhaustrust.org.uk/projects/detail/?cld=81>

Case study: Plymouth City Council

Plymouth City Council does not have a Housing Revenue Account, a company or a joint venture and is focussing on housing delivery using a variety of means. It has brought together its delivery of housing and planning functions so that there is a single approach that is set out in the Plymouth Plan for Homes, which states that: 'Our plan is an £80 million commitment to housing investment to increase the quality and supply of new housing in the city. The Plan for Homes sets out 20 new initiatives on the ways in which the City Council will use financial resources and land, engage with communities, provide an infrastructure to speed up housing delivery and provide leadership.'

Plymouth housing context

The Plan for Homes 2016-2021²²⁴ includes several commitments:

Finance:

- Support more flexible s106 payments²²⁵;
- Have an affordable housing loan facility²²⁶ to support Plymouth Housing Development Partnership;
- Launch Plymouth empty homes initiative²²⁷;
- Put £0.5m through a specialist housing programme for bespoke housing not provided by other means²²⁸;
- Have £0.5m scheme for self-build homes²²⁹ and appoint a self-build champion²³⁰.

Land

- Undertake a strategic land review of council land²³¹ to identify sites including for custom and self-build²³²;
- With Homes England creates a land acquisition fund of £30m to purchase stalled and

²²⁴ Plymouth City Council (2016). 'Plan For Homes: 2016 - 2021'

https://www.plymouth.gov.uk/sites/default/files/PlanForHomes_0.pdf ; Local Government Association (2018). 'Plymouth City Council: 'Plan for homes'' <https://www.local.gov.uk/plymouth-city-council-plan-homes>

²²⁵ Plymouth City Council (2019). 'Planning obligations (Section 106 agreements)'

<https://www.plymouth.gov.uk/planninganddevelopment/planningapplications/planningobligations>

²²⁶ Plymouth City Council (2019). 'Affordable housing loan facility'

<https://www.plymouth.gov.uk/housing/ourplanshousingandhomes/howwehelpdevelopaffordablehousing/affordablehousingloanfacility>

²²⁷ Plymouth City Council (2019). 'Our plan for empty homes'

<https://www.plymouth.gov.uk/homesandproperty/emptyhomes/ourplanemptyhomes>; Plymouth City Council (2019). 'Let your empty home'

<https://www.plymouth.gov.uk/homesandproperty/emptyhomes/rentyouremptyhome>

²²⁸ O'Leary (2018). 'Gypsy and traveller site planned next to new homes in Plymouth'

<https://www.plymouthherald.co.uk/news/plymouth-news/travellers-plymouth-plymstock-council-labour-1764946>

²²⁹ Plymouth City Council (2019). 'Self-build your own home'

<https://www.plymouth.gov.uk/housing/selfbuildyourownhome>; Turner (2019). 'First look at homes to be self-built by veterans in Plymouth' <https://www.plymouthherald.co.uk/news/plymouth-news/first-look-homes-self-built-2517589>

²³⁰ Plymouth City Council (2016). 'Plymouth City Council discusses its award-winning approach to self and custom build' <http://custombuildstrategy.co.uk/features-article/custom-build-strategy-finds-plymouth-city-councils-award-winning-approach-self-custom-build/>

²³¹ Payne (2019). 'Place Shaping in Plymouth'

<https://www.local.gov.uk/sites/default/files/documents/1.1%20Britains%20Ocean%20City%20-%20Anthony%20Payne.pdf>

²³² Plymouth City Council (2019). 'Self-build your own home'

<https://www.plymouth.gov.uk/housing/selfbuildyourownhome>

lapsed sites²³³.

Infrastructure

- Creating opportunities to deliver specialist needs housing for travellers²³⁴ and those in need of extra care housing;
- Create a Plymouth Housing prospectus to list potential development sites
- Explore new approaches to housing delivery for sustained increase in housing delivery including PRS²³⁵.
- Create £3m infrastructure fund to support housing delivery in the Plymouth local plan;
- Review the city's capital programme to maximise funding available for housing²³⁶.

Community engagement

- Create a Homes for Plymouth campaign;
- Work on Plymouth Plan²³⁷ and neighbourhood plans²³⁸;
- Work with partners on a downsizing programme.

Leadership

- Deliver 5,000 new homes for Plymouth by 2021;
- Implement two-year planning consents;
- Create a cabinet advisory group on planning housing and infrastructure;
- Establish Homes for Plymouth a new housing company and investing in it at least 10 council sites plus a £10m loan facility to provide 500 market, affordable and social rented homes to be delivered by 2021;
- Introduce further planning innovation to deliver housing.

Will deliver on Plymouth plan policies 2,4,12,15,20, 29, 39, 40 and 45²³⁹.

The most recent update, Plan for Homes 3 (March 2019) builds upon the Plan for Homes programme launched in 2013, updating and extending it to 2024. It establishes a new Housing Investment Fund to directly support increased and accelerated delivery of new homes as well as a range of interventions that will support the delivery of at least 1,000 new homes per year through a range of housing, planning and service initiatives, meet identified housing needs and tackle

²³³ Haly (2018). 'Council unveils £146m plan to build 1,000 new homes a year'
<https://www.plymouthherald.co.uk/news/plymouth-news/council-unveils-146m-plan-build-1273283>

²³⁴ O'Leary (2018). 'Gypsy and traveller site planned next to new homes in Plymouth'
<https://www.plymouthherald.co.uk/news/plymouth-news/travellers-plymouth-plymstock-council-labour-1764946>

²³⁵ Plymouth City Council (2015). 'Plan for Private Rented Housing'
<https://www.plymouth.gov.uk/sites/default/files/PlanPrivateRentedHousing.pdf>

²³⁶ Plymouth City Council (2017). 'ANNUAL REPORT 2017 - 2018'
https://www.plymouth.gov.uk/sites/default/files/Annual_Report_2017_2018.pdf ; Plymouth City Council (2019). 'How we're investing in Plymouth'
<https://www.plymouth.gov.uk/investmentandgrowth/howwereinvestingplymouth>

²³⁷ Plymouth City Council (2019). 'The Plymouth Plan'
<https://www.plymouth.gov.uk/planningandbuildingcontrol/plymouthplan>

²³⁸ Plymouth City Council (2019). 'What is neighbourhood planning?'
<https://www.plymouth.gov.uk/planningpolicylocalismandneighbourhoodplanning/whatneighbourhoodplanning>

²³⁹ Plymouth City Council (2019). 'The Plymouth Plan'
<https://www.plymouth.gov.uk/planningandbuildingcontrol/plymouthplan>

homelessness and poor housing conditions.

In Plymouth, there is a strong focus on affordable housing delivery through partnerships with Homes England, housing associations and developers. Through the Plymouth Housing Development Partnership (PHDP)²⁴⁰, the council is also supporting the delivery of a range of new affordable homes by direct delivery by housing associations on acquired or city council sites, planning gain through s106 sites, bringing empty homes back into use and regeneration programmes²⁴¹.

Plymouth planning context

Plymouth City Council has adopted the Plymouth and South West Devon joint local plan with West Devon Borough Council and South Hams District Council. As part of their preparation for the Examination into the joint local plan, the councils produced comprehensive evidence on the housing need and supply position across the plan area, set out in a specific Housing Need and Supply Topic Paper (referenced below)²⁴². As a result of the detailed understanding of the councils had achieved about housing need in the plan area and the trajectory of sites available to meet the need, the time taken in the local plan examination to consider housing issues was very short²⁴³. The inspector noted that in addition to providing the proposals in the plan to meet the full OAN, the joint plan also linked housing delivery to the support of economic and environmental objectives.

How is Plymouth City Council using planning to deliver homes?

Plymouth has a range of delivery plans for a variety of issues including the Plan for Homes that was made initially in 2013 and was refreshed in 2016 and 2019, with the latest version approved in March 2019²⁴⁴. The council has identified the cost of potential borrowing and external funding required to deliver the Plan for Homes estimated to be £80m investment²⁴⁵ in housing of which £15m is committed through the council's capital programme²⁴⁶. The City Council has an employment growth agenda and the Plan for Homes is considered to be part of this delivery approach and the council considers that it is important for it to signal this wider role to all involved in delivery, including the housing providers. The strategic approach taken with the other two councils has also enabled it to offer a joint approach to developers. The Plan for Homes is a delivery approach across all the means open to the council and this is supported by a joint housing delivery team. The role of the housing delivery team is to monitor and engage with all housing sites

²⁴⁰ Plymouth City Council (2019). 'How we help develop affordable housing' <https://www.plymouth.gov.uk/housing/ourplanshousingandhomes/howwehelpdevelopaffordablehousing>

²⁴¹ Plymouth City Council (2014). 'What Are Plymouth's Future Housing Needs' <https://www.plymouth.gov.uk/sites/default/files/PCCHousingNeedAndSupplyTopicPaper.pdf>

²⁴² Plymouth City Council (2018). 'JLP Councils Response' <https://www.plymouth.gov.uk/sites/default/files/PlymouthPolicyAreaHousingSupplyNote.pdf>; Plymouth City Council (2017). 'Plymouth and South West Devon Joint Local Plan: Examination' <https://www.plymouth.gov.uk/plymouthandsouthwestdevonjointlocalplanexamination#Inspectors>

²⁴³ Burden and Wright (2019). 'Report on the Examination of the Plymouth and South West Devon Joint Local Plan 2014-2034' <https://www.plymouth.gov.uk/sites/default/files/PSWDJLPFinalReport.pdf>

²⁴⁴ Atkins (2019). 'How Plymouth plans to build 5,000 new homes' <https://www.plymouthherald.co.uk/news/plymouth-news/how-plymouth-plans-build-5000-2598206>

²⁴⁵ Plymouth City Council. 'Plan for Homes 2016-2021' https://www.plymouth.gov.uk/sites/default/files/PlanForHomes_0.pdf

²⁴⁶ Plymouth City Council (2019). 'New Plan for Homes announced' <http://plymouthnewsroom.co.uk/plan-for-homes-3/>

in Plymouth regardless of tenure and ownership. It has a quasi-customer relationship management system so that each site has records all interactions and brings it forward for regular review and action. The City Council has also had a housing fund which it has created to support sites that are delayed or have some infrastructure requirements. The City Council also supports bids for these sites into Homes England schemes such as those for Housing Infrastructure Fund (HIF) , Accelerated Construction funding and Starter Homes Programme funding.

In considering how Plymouth City Council is delivering homes and has satisfied the planning inspector that is this being achieved through the recent joint local plan examination and adoption; we were keen to understand whether the approach taken was considered to be different from that applied elsewhere in plan making and delivery. We were interested in the alignment between the economic and environmental objectives and housing delivery in the plan not least as some of these issues will become more prominent following the emphasis on the economic role of local plans in the revised NPPF (2019) and the forthcoming Local Industrial Strategies²⁴⁷. We were also interested in the combined approach to bring together planning and housing delivery in Plymouth, which has also now been used in Bristol, to consider the benefits in this approach. We were interested to learn about how this funding is focused and if it is confined to housing delivery as set out in the local plan or whether the Plan for Homes approach addressed all housing need and not just that within the planning framework. Finally, we were interested to see if there are approaches in Plymouth that can be used elsewhere and whether there were wider reforms in the system that might help them to deliver more homes.

What we learned was that the approach to delivering housing in Plymouth is using a range of methods and approaches. The joint local plan with West Devon and South Hams was adopted by all three authorities in March 2019. Plymouth's approach to housing policy and delivery in their local plan and its subsequent examination has been remarked upon as it has positively progressed at each stage of the process. Officers and members from all three councils collaborated closely on the development of the plan and its evidence at the examination hearings. The councils were represented by a team of officers drawn from all three councils, giving evidence on behalf of the three councils. This approach also sees planning as a joint issue across the three local authorities. It is a strategic plan and includes the role of housing in a wider sense including health.

The approach taken in the preparation of the plan was strongly evidence-based and focused on need. However, the joint plan also ensured that more land for housing land was identified in the plan than was needed, i.e. that the plan provides some headroom to ensure that needs will be met. The plan also proposes housing requirements that are slightly higher than the local housing need derived using the MHCLG standard methodology (although it should be noted that the joint local plan was examined under the transition arrangements set out in the 2018 NPPF and therefore was assessed against the 2012 NPPF).

Of the three housing markets, South Hams has the most significant affordability issues and therefore the affordability multiplier used to set out a future housing need figure for this area was at the upper end. On the supply side of housing, the councils keep under review every site in the joint plan area including those with planning consents. All sites owned or being promoted by developers are included in the data base with a record of all developer conversations and this was also used

²⁴⁷ DBEIS (2018). 'Local Industrial Strategies to drive growth across the country'
<https://www.gov.uk/government/news/local-industrial-strategies-to-drive-growth-across-the-country>

as evidence for the local plan preparation and examination. The councils also used their own evidence acquired through monitoring of what was being delivered in practice. This evidence of statements and activity on sites enabled the councils to make better estimates of delivery rates. All local plans allocated housing sites have a delivery strategy, and each is assigned a specific case officer who keeps each site under review. This proactive approach records developer interest and also uses this officer as a single point of contact for the developer. This approach also enables a smoother set of relationships inside the local authority for delivery.

The production of the joint local plan was overseen by a member steering group made up of two members from each local authority and equal voting rights so that no one local authority could outvote the others. The group met every month and had delegated authority for informal discussions and decisions. The officer team collaborated informally on the production of the plan. Now that the joint local plan has been adopted, the steering group has been replaced by a partnership board with the same number of members and voting rights but which meets less frequently. The members of the Partnership Board for the plan are focused on delivery although the needs for each council vary.

The Plan for Homes does not include the detailed delivery mechanism being used by the council for each site as it wishes to maintain flexibility in delivery and the council does not have a housing company. In the Plan for Homes, the council has released 33 council sites for development (138 acres) to achieve 1,600 homes. In working very closely in the delivery of these housing schemes with preferred partners, the council considers that it has reduced delivery times by a year to achieve handover. The council works with a range of delivery partners delivering a variety of products which it is using to reinforce this speed of delivery. Where there are stalled sites, there is a proactive approach to understand the issues particularly where there are issues that the council can unlock, including council acquisition of difficult stalled sites. Overall, the City Council now considers that it was a mistake just to focus on a five-year land supply in the past and now focuses on all the housing sites that are available across the city owned or being promoted by all developers including registered providers.

One issue that was discussed is how far the plan can meet all the housing needs in Plymouth including by type and tenure. The view expressed was that the local plan policies are not the most appropriate way to undertake this task using the NPPF and these issues would have to be met through other means. In the Plan for Homes, the types of housing that the market will not provide have been identified and these are homes for wheelchair access or wider accessibility, homes for veterans and bungalows. The council recognises that there are key housing problems that need to be addressed including the regeneration of estates, fuel poverty and energy use and obsolete housing stock. The City Council has used £1m derived from Community Infrastructure Levy to support infrastructure investment in housing and there is a link in the Plan for Homes with the city's low carbon team. The council also has one overall plan for the city (the Plymouth Plan) that is joint with health and other Council services and partners, which they consider is significantly different from the way in which other councils operate. They regard this integrated approach across the council, including health, is a significant driver for their delivery focus.

The council's housing delivery test is also in conversation with agents about the needs that are being expressed by those looking for housing. The council is also inviting registered providers to come forward with propositions for all sites and types of development. This close relationship is

seen as being crucial to delivery. The council has a target of 30% in the joint local plan for the number of affordable homes to be delivered over the plan period and also a policy expectation that on qualifying sites, 30% of all homes should be affordable homes. Overall the provision of affordable housing is 28% but this is being achieved by other interventions that the City Council is making in housing delivery. Overall the ability of the council to deliver is related to its political stability but also keeping all delivery modes and available sites owned by the council under review.

In terms of skills within the City Council, the council employs an experienced development surveyor, and this is considered to be a critical component of the council's success in negotiation and delivery. The housing team also has housing and planning professionals and access to legal and other skills across the council.

Case study: South Lakeland District Council

Housing context

South Lakeland District Council has made the provision of housing to meet local needs a council priority²⁴⁸. The council has stated that it will help to facilitate and enable the delivery of new affordable and open market housing through private sector led developments across the district. It does not have a Housing Revenue Account. Through the South Lakeland Housing Strategy, the council is committed to continue to work with private housing developers to maximise delivery of new market and affordable homes on allocated housing sites, including the creation of 1,000 new affordable homes for rent from the period 2014 to 2025 including using council resources (e.g. New Homes Bonus and Second Homes Fund), assessing how they are best applied to different delivery models to help build affordable housing and to support locally important projects. The council is also committed to addressing barriers to delivery where possible, promote housing including starter homes, develop and expand the opportunities for self-build. The council is implementing development management policies to deliver environmental standards that help people to improve their homes and help builders to build environmentally sustainable new homes. The council is also committed to addressing elderly care provision, encourage a range of housing to allow our young people to stay as well as attract new young people to the area, facilitate and enable the delivery of new homes in small rural settlements, including barn conversions.

The council is also concerned about the quality and condition of private sector housing and wants to reduce the number of empty homes. It is also working with partners nationally over the high levels of second home ownership in some areas of the district and helping householders with advice about energy saving initiatives. The council is also working to significantly reduce the risk of homelessness

The council has adopted a measure of success that by 2025²⁴⁹:

- It expects to have enabled, with the private sector, the development of 1,000 new affordable homes to rent;
- We will have enabled, with the private sector and housing associations, an average of 60 completed permanent dwellings each quarter;

²⁴⁸ South Lakeland Strategic Partnership (2004). 'A shared vision for the future'
<https://www.cumbria.gov.uk/eLibrary/Content/Internet/538/755/1929/1982/3955915365.pdf>

²⁴⁹ South Lakeland District Council (2019). 'Annual Report 2018 to 2019'
<https://www.southlakeland.gov.uk/your-council/council-business/council-documents/annual-report/>

- The number of long-term empty homes, currently 827, will have reduced by 20%;
- Between 2015 and 2019, the council through targeted interventions will, year on year, bring a minimum of 70 empty homes back into use;
- During 2018 to 2019, the number of homeless households living in temporary accommodation will be no more than 20 at any one time.

Planning context

The council has a range of issues that it is addressing in its local plan and associated documents. These include housing affordability. It is also concerned about the loss of employment floorspace to other uses. 679 sqm has been lost, with 365 sqm of that being lost to housing. However, there have also been gains of employment floorspace from housing, totalling 304 sqm, thereby giving a net loss of 61 sqm of employment floorspace to housing. Other issues are concerned with the rural nature of the council with Heritage and National Park issues to the fore but also reliance on car travel.

South Lakeland Council's adopted local plan currently consists of the:

- Local Plan Part 1 – The Core Strategy (adopted in October 2010);
- Local Plan Part 2 - Land Allocations (adopted in December 2013);
- Extant saved policies from the old South Lakeland Local Plan (adopted in 1997 and altered in 2006);
- Local Plan Part 3 – A Development Management Policies Development Plan Document – commenced preparation in 2015 and was adopted in February 2019. A joint local plan for the Arnsdale and Silverdale Area of Outstanding Natural Beauty is also being prepared with Lancaster City Council and is due to be adopted in February 2019. The council introduced a Community Infrastructure Levy with effect from 1 June 2015. The monitoring of the Core Strategy focuses on its five main themes of the economy, housing, environment, accessibility, and health and wellbeing. A monitoring framework is included in Appendix 1 of the Core Strategy and includes the council plan's objectives to support the development of 1,000 additional jobs and 1,000 new affordable homes for rent by 2025. (from monitoring report).

From the Annual Monitoring Report 2017-2018²⁵⁰:

- The population of the district has increased from 103,274 to 104,321;
- Permission was granted for 604 (net) dwellings in 2017/18, with 480 of these dwellings on sites allocated for housing in the local plan;
- Almost 70% of the dwellings granted permission in 2017/18 were in the principal service centres of Kendal and Ulverston;
- 84% of new homes permitted in 2017/18 were on greenfield sites;
- Housing affordability has worsened and in 2017 the median house price to workplace earnings ratio in South Lakeland was 9.67, compared with 9.10 in 2016;
- 291 homes were built in the district in 2017/18, which meets our locally identified housing need of 290 homes per year. 65% of these homes were in Kendal or Ulverston;

²⁵⁰ South Lakeland District Council (2018). 'South Lakeland Local Plan – Annual Monitoring Report April 2017 to March 2018' https://www.southlakeland.gov.uk/media/6380/amr-2017_2018.pdf

- 40% of homes built in 2017/18 were on brownfield land;
- 80 affordable homes were built in 2017/18;
- Infrastructure Delivery Plan (IDP) and Community Infrastructure Levy: In 2017/18, Community Infrastructure Levy Receipts amounted to £160,805.60; £24,851.38 was paid to Parish and Town Councils; £0 was spent on strategic infrastructure projects.

There have been 291 net additional dwellings built in the monitoring period. The council commissioned a new Strategic Housing Market Assessment in 2017 that has calculated an OAN for 290 dwellings per year over the period 2016- 2036. The completions in the 2017/18 monitoring year therefore exceed the council's local assessment of housing need. 26% of the total completions were affordable homes, and 39% of completions on large sites (over nine units in principal/key service centres and over three elsewhere) were affordable, 40% were built on brownfield land and 57% of sites (over 10 units) were built above 30 dwellings per hectare. The council is on target to deliver 1,000 new affordable homes for rent between 2014 and 2025. The council adopted a development plan document for development management²⁵¹ in February 2019 and this will supersede several extant saved old local plan policies.

The council has a policy for qualification for an affordable home that is provided through s106 agreements²⁵² that ensures that the property remains an affordable property each time it is sold and provides the criteria for potential purchasers. Although every s106 is unique to each property, the three main clauses are as follows and are supported through a range of templates²⁵³:

- Local connection: This clause ensures that only people with an established connection to the specified locality can buy the property. The locality is defined in the s106 which normally gives a list of parishes. Ask the owner for these details, or us if the owner is unsure. There are variations to local connection criteria but generally most will now state that you must have lived in the locality for at least three years immediately prior to your application or, have a permanent job (over 16 hours per week) or firm job offer. Other examples of a local connection can be found in the current local connection policy²⁵⁴;
- Housing need: Affordable housing is for those who are in housing need and unable to afford to buy a home on the open market. We work out whether you qualify by looking at your household's circumstances, income, savings, equity in any property or land you own, wages, and potential mortgage amongst other things. We then compare this to a table of property values from independent property surveyors, to calculate whether you qualify;
- Use of the property: The property must be your only or principal home and cannot be used as a 'buy to let', second home or holiday let.

²⁵¹ South Lakeland District Council (2019). 'Development Management Policies Development Plan Document (DM DPD): Adoption Statement' https://www.southlakeland.gov.uk/media/6469/dm-dpd-adoption-statement_march-2019.pdf

²⁵² South Lakeland District Council (2019). 'Qualifying for an affordable home (Section 106)' <https://www.southlakeland.gov.uk/housing/affordable-housing/affordable-housing-buying/qualifying-for-an-affordable-home-section-106/>

²⁵³ [Discounted sale and affordable rent 2015](#) ; [Discounted sale 2015](#); [Affordable rent or social rent 2015](#) ; [Affordable rent and shared ownership 2015](#) ; [Intermediate rent 2015](#) ; [Outline 2015](#) ; [Shared equity 2015](#) ; [Shared ownership 2015](#)

²⁵⁴ South Lakeland District Council (2019). 'Local connection Policy to implement Core Strategy Policy CS6.3: Provision of Affordable Housing' <https://www.southlakeland.gov.uk/media/5756/council-local-connection-policy.pdf>

Within the council area, it has established the South Lakeland Housing Advisory Group²⁵⁵ that brings together organisations with a strategic interest in meeting housing needs in South Lakeland, provides advice to the SLDC Housing and Development Portfolio Holder in their role of developing and co-ordinating housing policy and strategy and provides standing advice and support to the South Lakeland Local Strategic Partnership on housing issues. The group aims to meet quarterly and is administered by the housing strategy team. It comprises the council, Lake District National Park, local housing associations and the council's property advisors and Lambert Smith Hampton. The council also has wider relationships with surrounding councils and regards this as an important component in understanding the local housing market and for delivery.

How is housing being delivered in South Lakeland?

In undertaking this case study, we were interested to learn how South Lakeland District Council were able to commit to and deliver affordable housing in an area with a high-house price to income ratio and what kinds of initiatives were being used to deliver this when the council does not have a Housing Revenue Account, a company or a joint venture. This is particularly an issue for the provision of affordable rent, and we were interested to know how the planning system was being used to achieve the council's objectives and how it was being successful in delivery. The council is also successful in delivering its local plan annual housing target numbers for planning consents.

A key approach in South Lakeland is that the council has a strong corporate objective to deliver affordable housing and it has a banner to proclaim this objective across its entrance hall. This makes a promise to people who live in the council area but also acts as a reminder to those seeking planning consent.

The approach to housing delivery in South Lakeland has been supported by the housing delivery and planning responsibilities being held by the same officer although the council has proposed to restructure and separate these functions in the future. The existing approach has allowed for the work between the two services to be interleaved and enabled a precise form of delivery to both unmet need and planning targets. The main approach that has been used to achieve these ends has been through intensive monitoring of all sites within the council area including those in the local plan. While there is a good market for housing delivery, this proactive approach has still been needed and has been a key mechanism to deliver housing numbers. This monitoring has also facilitated and supported other forms of housing supply intervention. If delivery appeared to be slightly under what is required to meet planning targets, then other action is taken following a midterm review. This may include the purchase of houses and then their conversion to create additional homes and this has helped to achieve the target figure.

In the council there is no expectation that the local plan will deliver all the homes required across all tenure groups particularly for social and affordable homes and if necessary, there may be a need to plan for over provision in order to meet the targets that have been set. In terms of skills, the council has a private sector supplier to provide development surveying through Lambert Smith Hampton. The surveyor who fulfils this contract is based locally and also works in other local councils. This provides him with good market knowledge and a basis of comparison with other

²⁵⁵ South Lakeland District Council (2018). 'South Lakeland Housing Advisory Group'
<https://www.southlakeland.gov.uk/your-council/partnerships/south-lakeland-housing-advisory-group/>

localities. This contract also provides the council with specialist advice if this is needed, and it can call upon national services if it has a particular issue. The council considers that the provision of this type of development surveyor advice is crucial for its negotiation for housing delivery. Working with providers is also considered to be crucial for delivery and this approach is a way to ensure that providers are aware of what the council needs and maintain relationships over time.

Findings

In reviewing the ways in which local authorities without a Housing Revenue Account are providing housing, we have found a range of methods and interventions. In the two case studies, the role of the local plan is regarded as essential but, in both councils, this was part of a whole council corporate approach to housing delivery. While not having Housing Revenue Accounts, these two councils are proactively using a wide range of interventions and then closely monitoring how these are working in relation to all housing sites. This active monitoring is also used to determine sites included in the housing allocations.

In summary, our key findings are:

- Those local authorities without a Housing Revenue Account are not being held back from providing housing;
- Successful authorities recognise housing delivery as a key objective for the council as a whole, bringing together housing delivery objectives as part of the economic strategy and environmental objectives and using this to identify priority sites and delivery projects;
- Bringing together housing and planning within the council's organisational structure has been regarded as a critical component in improving delivery. This has been achieved through establishing a housing delivery team with a range of officers with housing, planning, property, development, legal, transport and financial skills;
- Not relying on a five-year land supply in the local plan to provide the housing required and extending the period of supply is helpful both for the local plan and housing delivery;
- Keeping all housing sites under constant review and active monitoring to support more housing delivery through interventions (if necessary) is a helpful approach;
- Establishing funding for intervention to support housing delivery is an important way in which the local authority can support delivery. This may be through infrastructure provision, land remediation or purchase or other support;
- Providing a delivery strategy for each housing site is a way to engage in its delivery and assess how quickly proposals can be implemented;
- Naming a specific officer as a point of contact for each housing site is a way of ensuring developers and landowners have a single way into the council and an officer who can be responsible for dealing with other parts of the council on that site;
- Where there are delays in delivery or where applicants make non-compliant planning applications, some authorities have found it effective to actively manage these sites out of the immediate site allocations as they threaten overall delivery;
- Using the council's own monitoring data and records of conversations on all housing sites provides evidence for engagement in housing delivery and the assessment of specific sites in the local plan examination;

- Regarding the local plan as a continuous mechanism, not taking an episodic approach is important to maintaining housing delivery;
- Direct intervention by the council such as purchasing and converting properties into new homes can be a way of improving delivery (particularly to meet precise planning targets);
- Having access to a development surveyor who has had commercial experience and understands the wider market has been critical for both case study authorities; and
- Maintaining links and working relationships with surrounding authorities has proved to be an important feature of both plan making and delivery

Issue 3: How are councils using their s106 pots to prime and deliver housing development?

There has been an assumption by the Government that the market will provide the amount social housing required in any area based on the release in the supply of housing land which, according to the Government's methodology, is the estimated equivalent to providing the local amount of affordable housing that is required. The Government's method of calculation of this requirement has never been associated with other councils' mechanisms for determining housing need for affordable housing as set out in their respective housing and homelessness settlements together with the Joint Strategic Needs Assessments prepared by the local authority with health authorities as part of their public health responsibilities.

Role of s106

The role of planning in the delivery of affordable housing through the market has grown and the Government expects this to be secured through s106 agreements as part of planning consents²⁵⁶. Now, s106 agreements account for 85% of the contributions made by developers²⁵⁷. The effectiveness of this approach has been examined by the Government in research specifically commissioned (2018)²⁵⁸ to review the use of s106 and Community Infrastructure Levy in the planning system. The research found that there has been a reduction in agreements since 2011/2 although the number of obligations per agreement has increased. Over the period of the use of s106 funding to provide housing, as Wyatt (2019)²⁵⁹ shows, this has never provided more than 25-50% of the funding derived from the land value uplift created by development.

While the implementation of the Community Infrastructure Levy was meant to be a mechanism through which developers and local authorities had a stable basis for development contributions that were non-negotiable between the local authority and the applicant for planning consent, practice has proved to be different. Developers have attempted to negotiate Community Infrastructure Levy payments in the same way as s106 agreements²⁶⁰ and Wyatt (2019) states that the Government has encouraged developers to re-negotiate the levels of Community Infrastructure Levy and s106 payable to local authorities thus undermining their own housing delivery policies. The level of re-negotiation in 2016-7 was 65% with affordable housing being at the upper end of these changes²⁶¹. It has also been the case that Community Infrastructure Levy was not able to be used for the provision of affordable housing but rather other infrastructure types that were pre-

²⁵⁶ Local Government Association (2019). 'S106 obligations overview' <https://www.local.gov.uk/pas/pas-topics/infrastructure/s106-obligations-overview>

²⁵⁷ Lord et al. (2018). 'The Incidence, Value and Delivery of Planning Obligations and Community Infrastructure Levy in England in 2016-17' https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685301/Section_106_and_CIL_research_report.pdf

²⁵⁸ Ibid

²⁵⁹ Wyatt, P., 2018. Can land value uplift deliver affordable housing? Experiences from England. *Journal of European Real Estate Research*, 11(1), pp.87–101.

²⁶⁰ Wyatt, P., 2017. Experiences of running negotiable and non-negotiable developer contributions side-by-side. *Planning Practice & Research*, 32(2), pp.152–170.

²⁶¹ Lord et al. (2018). 'The Incidence, Value and Delivery of Planning Obligations and Community Infrastructure Levy in England in 2016-17' https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685301/Section_106_and_CIL_research_report.pdf (p 55)

determined in the local Community Infrastructure Levy scheme when adopted. Most local authorities have decided against adopting a Community Infrastructure Levy approach in part because of this continuing role of negotiating and in other cases because they take the view that adopting a Community Infrastructure Levy system will inhibit development locally.

As the Government's study shows, s106 has become more important in the provision of affordable housing as 'contributions have grown as a proportion of total planning obligations, from 53% in 2007/8 and 62% in 2011/12 to 68% in 2016/17. There are, however, significant regional variations in the value of affordable housing obligations...' ²⁶² with 'the majority of the value of planning obligations agreed and Community Infrastructure Levy value levied in Southern England, with London and the South East regions combining to account for 58% of the total value for England as a whole. By contrast, the North East and North West together account for 5% of the total value. This overall pattern is heavily dependent upon the distribution of the value of affordable housing, in which London and the South East account for 53% of the total affordable housing value and the North East and North West combining to account for 6% of the total.' ²⁶³ This study also found that '68% of the value of agreed developer obligations was for the provision of affordable housing, at £4.0 billion. 50,000 affordable housing dwellings were agreed in planning obligations in 2016/17.'

²⁶⁴

Given the Government's expected reliance on developer contributions to provide affordable housing through s106, how has this worked in a downturn such as occurred after the financial crisis of 2008? Morrison and Burgess ²⁶⁵ show that where there have been previous agreements, these will be re-negotiated downwards. The NAO Report (2019) demonstrates that the relationships between developers and local authorities have been caught in the economic crisis narrative since 2008 despite the evidence that developer profits and remuneration packages are back to former levels and include significant government subsidy through the 'Help to Buy' scheme ²⁶⁶. This overarching context has set the tone of subsequent negotiations on developer contributions for affordable housing. The static nature of these dialogues has also been reinforced through the Government's planning requirements through the revised NPPF (2019). This states that all non-market housing should be funded as a residual of market housing through viability assessments delivered through s106 agreements.

Evidence from our roundtables

Where local authorities have low housing market demands, they have difficulty in generating a pot of s106 funding to deliver housing or other infrastructure. If the council has a Housing Revenue

²⁶² Lord et al. (2018). 'The Incidence, Value and Delivery of Planning Obligations and Community Infrastructure Levy in England in 2016-17' https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685301/Section_106_and_CIL_research_report.pdf (pp7-8)

²⁶³ Ibid (p 35)

²⁶⁴ Ibid (p 34)

²⁶⁵ Morrison, N. and Burgess, G., 2014. Inclusionary housing policy in England: the impact of the downturn on the delivery of affordable housing through Section 106. *Journal of Housing and the Built Environment*, 29(3), pp.423–438.

²⁶⁶ NAO (2019). 'Planning for new homes' <https://www.nao.org.uk/report/planning-for-new-homes/>

Account, then they can use this route²⁶⁷ where this applies and through wholly owned housing companies²⁶⁸, although there will remain issues of development viability without any housing subsidy. In some areas of very low demand, such as in North Lancashire, past government interventions to support housing delivery have included market renewal and the councils here still consider that they need this type of support to generate activity in their housing markets. This challenge has been compounded for these local authorities as they now have reduced housing delivery numbers in their local plans through the application of the government's most recent OAN approach. They consider that the government is still missing this and it leaves these authorities dependent on other allied schemes such as funding for One Public Estate or high streets in the hope that this will support the activity of the local housing market.

Case study: London Borough of Islington

The London Borough of Islington is one of the most densely developed local authorities with open space deficits. It has a large housing need and is keen to provide housing where it can. The local authority bid for housing funding from the Mayor of London's provision of £1bn for new council homes in London in 2018 and received £24.2m, which will provide direct subsidy for 242 homes²⁶⁹. In addition, Islington received £180,000 from the Mayor's housebuilding capacity fund in April 2019²⁷⁰.

Planning context

Islington Borough council adopted a supplementary planning document (SPD) for s106 policy 'Using planning obligations to achieve sustainable development' in December 2016²⁷¹. The Islington Local Plan is currently under review²⁷² with the regulation 18 consultation completed in January 2019²⁷³. This includes a policy to seek contributions for sites of fewer than 10 dwellings. It also proposes that:

²⁶⁷ Brokenshire and Betts (2018). 'Housing Revenue Account borrowing cap'

<https://www.parliament.uk/documents/commons-committees/communities-and-local-government/Formal-minutes/update181011%20Chair%20to%20SoS%20re%20Housing%20Revenue%20borrowing%20cap.pdf>

²⁶⁸ MHCLG (2017). 'Housing white paper' <https://www.gov.uk/government/collections/housing-white-paper> ;

MHCLG (2018). 'Social housing green paper: a 'new deal' for social housing'

<https://www.gov.uk/government/news/social-housing-green-paper-a-new-deal-for-social-housing> ;

MHCLG (2019). 'Thames Estuary 2050 Growth: government response to Commission'

<https://www.gov.uk/government/publications/thames-estuary-2050-growth-government-response-to-commission>

²⁶⁹ GLA (2018). 'Mayor agrees £1 billion plan to build 11,000 new council homes'

<https://www.london.gov.uk/press-releases/mayoral/mayor-agrees-1bn-plan-to-build-11000-new-homes>

²⁷⁰ GLA (2019). 'Homebuilding Capacity Fund Allocations'

https://www.london.gov.uk/sites/default/files/dd2336_homebuilding_capacity_fund_-_signed.pdf

²⁷¹ Islington Council (2016). 'Planning Obligations (Section 106) Supplementary Planning Document: Using planning obligations to achieve sustainable development' [https://www.islington.gov.uk/~media/sharepoint-lists/public-](https://www.islington.gov.uk/~media/sharepoint-lists/public-records/planningandbuildingcontrol/publicity/publicconsultation/20162017/20161215planningobligationss106spddecember2016.pdf)

[records/planningandbuildingcontrol/publicity/publicconsultation/20162017/20161215planningobligationss106spddecember2016.pdf](https://www.islington.gov.uk/~media/sharepoint-lists/public-records/planningandbuildingcontrol/publicity/publicconsultation/20162017/20161215planningobligationss106spddecember2016.pdf)

²⁷² Islington Council (2019). 'Local Plan Review' [https://www.islington.gov.uk/planning/planning-](https://www.islington.gov.uk/planning/planning-policy/local_plan_review)

[policy/local_plan_review](https://www.islington.gov.uk/planning/planning-policy/local_plan_review)

²⁷³ Islington Council (2019). 'Planning Islington's future: consultation on the draft local plan (Regulation 18 stage)' <https://www.islington.gov.uk/consultations/planning-islington-future-consultation-on-the-draft-local-plan-regulation-18-stage> ;

Islington Council (2018). 'Islington Local Plan: Strategic and development

management policies' [https://www.islington.gov.uk/~media/sharepoint-lists/public-](https://www.islington.gov.uk/~media/sharepoint-lists/public-records/planningandbuildingcontrol/publicity/publicnotices/20182019/20181119localplanstrategicanddevelopmentpoliciespdreg18nov2018reducedsize1.pdf)

[records/planningandbuildingcontrol/publicity/publicnotices/20182019/20181119localplanstrategicanddevelopmentpoliciespdreg18nov2018reducedsize1.pdf](https://www.islington.gov.uk/~media/sharepoint-lists/public-records/planningandbuildingcontrol/publicity/publicnotices/20182019/20181119localplanstrategicanddevelopmentpoliciespdreg18nov2018reducedsize1.pdf)

‘Policy and Purpose Built Private Rented Sector development will be resisted unless conventional housing is considered undeliverable. Any Purpose Built Private Rented Sector development will be required to provide genuinely affordable housing and adhere to standards which aim to secure high quality housing. The so-called ‘Distinct Economics’ of this type of accommodation is not in itself justification to circumvent policy requirements.’

The draft local plan also states that:

‘3.2 Islington’s overall housing need is derived from the London-wide Strategic Housing Market Assessment (SHMA). The London SHMA 2017 sets out an overall housing need figure for London, some 66,000 additional homes per annum. The Islington SHMA identifies a borough-level housing need of 23,000 dwellings over the period 2015 to 2035, or 1,150 dwellings per annum; the majority of this need is for genuinely affordable housing’...

3.8 However, housing policies, particularly affordable housing requirements, must have regard to development viability. The viability study underpinning the Local Plan shows that 50% of affordable housing can viably be delivered in the plan period.’...

3.14 Islington faces an extreme set of circumstances when it comes to need and land supply. Land supply in Islington is constrained; the borough is the most densely populated and third smallest (by land area) English local authority area. Local evidence demonstrates that the need for new housing in the borough is significant, particularly the need for genuinely affordable housing. The borough faces an acute affordability issue which means that a simple ‘supply and demand’ model of housing delivery will not address the needs of our growing population. In this context land supply for conventional housing and genuinely affordable housing are considered the top priority because they are the most sustainable use of land in Islington.’

There are also specific policies for public land owners and developers within the borough with a requirement of 50% affordable housing to be provided without subsidy.

In the context of the proportion of s106 levied for housing overall:

‘In 2016-17 the value of affordable housing in planning agreements in London was £1.2bn. Whilst this is 31% of the total value of affordable housing agreed in planning obligations, it is a smaller proportion than the total value in 2005-06 or 2007-08 (the value of affordable housing by region was not included in the 2011/12 report), in which London accounted for more than 50% of the total value of affordable housing agreed...the number of affordable housing dwellings in planning agreements in London is significantly lower in 2016/17 than previously, although this is for the LPA family rather than the region there is considerable coincidence between the two. Issues of viability were raised repeatedly in case studies that have had an impact on the number and type of affordable housing units agreed.’²⁷⁴

²⁷⁴ Lord et al. (2018). ‘The Incidence, Value and Delivery of Planning Obligations and Community Infrastructure Levy in England in 2016-17’
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/685301/Section_106_and_CIL_research_report.pdf (p 42)

Housing context

Islington Housing Strategy 2014-2019²⁷⁵ discusses the type of affordable housing needed with a particular focus on larger homes and social rent. Islington Strategic Housing Market Assessment (2017)²⁷⁶ shows that

‘The identified backlog increases the overall need for housing from 19,749 dwellings (based on the household projections) to a total of 22,943 dwellings over the 20-year plan period 2015-35, an average of 1,147 dwellings each year. This represents an overall uplift equivalent to 16% of the housing need based on the Greater London Authority 2015-round long-term projections demographic starting point. This takes full account of the unmet needs of homeless and other households living in unacceptable accommodation that exist at the start of the plan period in 2015. This is consistent with the PAS Good Plan Making Guide and reflects the approach taken by the GLA SHMA.’ (para 17) ...

‘Having established the Full Objectively Assessed Need, there is a need to consider the need in terms of property and tenure types. Overall, housing need for market housing comprises 10,700 additional homes; mainly three-bedroom properties. Housing need for affordable housing comprises 12,300 homes, mainly two- and three-bedroom properties. This need for larger (two bedrooms and above) housing reflects the assumption that the current needs of all overcrowded households in rented housing will be addressed over the plan period. If larger homes are not provided to alleviate overcrowding, many households will continue to occupy their smaller homes – so these properties will not be vacated, and there will continue to be pressure from new households applying to live in one- and two-bedroom properties. (§ 21).’

The current level of housing need is estimated to be 9,000 with 20,000 on the housing register overall while the council has approximately 1,200 properties per year to let.²⁷⁷ The Islington Joint Strategic Needs Assessment social housing fact sheet²⁷⁸ does not mention the provision of affordable homes through s106 in the data included here although the financial contributions may be included in the supply figures. The delivery of housing is provided in the planning delivery monitoring reporting process as a standalone report. In the latest version for 2016²⁷⁹, with the latest full planning monitoring report published for 2015²⁸⁰. This shows that in 2014/15 there were

²⁷⁵ Islington Council (2014). ‘Housing strategy 2014-2019’ <https://www.islington.gov.uk/~/media/sharepoint-lists/public-records/housing/businessplanning/policies/20142015/20140603housingstrategy20142019>

²⁷⁶ Lee, Moore and Baker (2017). ‘London Borough of Islington Strategic Housing Market Assessment’ <https://www.islington.gov.uk/~/media/sharepoint-lists/public-records/planningandbuildingcontrol/information/adviceandinformation/20172018/20170824islingtonshma20171.pdf>

²⁷⁷ Nicholls and Manser (). ‘Housing Needs Overview’ <https://democracy.islington.gov.uk/documents/s9679/Housing%20Needs%20Witness%20Evidence.pdf>

²⁷⁸ The Evidence Hub (2013). ‘Focus on Social Housing’ [https://evidencehub.islington.gov.uk/PublicRecords/Public-health/Information/Factsheets/2013-2014/\(2013-11-21\)-Social-Housing-Factsheet.pdf](https://evidencehub.islington.gov.uk/PublicRecords/Public-health/Information/Factsheets/2013-2014/(2013-11-21)-Social-Housing-Factsheet.pdf)

²⁷⁹ Islington Council (2016). ‘Islington Housing Trajectory - interim report’ <https://www.islington.gov.uk/~/media/sharepoint-lists/public-records/planningandbuildingcontrol/publicity/publicconsultation/20172018/20170912housingtrajectory2016interimreport.pdf>

²⁸⁰ Islington Council (2015). ‘Annual Monitoring Report 2015’ <https://www.islington.gov.uk/~/media/sharepoint-lists/public->

220 affordable housing completions including for intermediate rent which was 26% of all completions (table 5.11).

Council as developer

The delivery of new housing, particularly affordable housing, is a high political priority in Islington. Local councillors are very ambitious. The council has a team of 18 staff in its 'new build' team for direct delivery of housing and has recently appointed a new service director specifically responsible for new build activity. The council aims to deliver 1,900 genuinely affordable homes from 2018 to 2022, of which 550 will be for the council homes for social rent and then the rest for the private market in mixed tenure schemes. This programme is currently forecast to meet its target.

Islington is not using a company. There is some reluctance about joint ventures given some other council experiences, and, whilst the council has set up a wholly owned company for other purposes, the lifting of the Housing Revenue Account debt cap has made the use of this wholly owned company to deliver new homes a less attractive proposition. Rather the council is directly delivering these new homes, which they believe is the best model. They want to maximise the delivery of social housing and need some private market housing to cross-subsidize this. They are not looking to make profit for the council from these private homes, however, but rather to maximise affordable housing delivery so any money made from the private units goes straight to funding more social units.

The new affordable homes are funded both through the cross-subsidy from the private market homes, but also through Housing Revenue Account borrowing, Greater London Authority grant and Right to Buy receipts, though not together. The central government-imposed rent cut did, however, wipe £1 billion off the value of the Islington Housing Revenue Account, hence a higher proportion of the new build had to go to private sales than originally anticipated (when there would have been much more social rent), though the broad aim remains 70:30 for affordable to market now the council is able to borrow.

There is a strong emphasis on design quality, as they want high-quality homes both for their own portfolio of council housing but also for income from the private market to subsidise those. Local architects are used where possible. The Planning Department adopted a design review panel approach, which has improved the design quality of schemes and planning, and have been key in driving design standards up to support members' ambitions for the quality of new homes. Furthermore, as most sites are on existing estates, they are looking to deliver broader public realm improvements through their own new build developments so that existing residents see a benefit too (e.g. improvements to estate open space / play space including greening).

The emphasis on high-design quality has evolved over 10 years and includes both internal and external design. They go for high-quality materials for the homes and the communal areas/public realm. There is a desire to future proof developments, with consideration of electric car charging, green roofs and energy efficiency. Space standards are achieved. The council also gets contractors to try do more to resolve snagging and actually do a proper handover to new residents (e.g. showing them how the boiler works). Residents are very pleased by the quality of the new

[records/planningandbuildingcontrol/qualityandperformance/reporting/20162017/20161213planningpoliciesannualmonitoringreport2015.pdf](#)

homes, but expectations from the private sale market are high considering some of the properties are being sold for £1million each

The new build programme developed quite organically but they have now built out 30 schemes over 10 years and gone from 15 to almost 200 homes of all tenure per annum. This requires an expanding team of staff, and careful work on finances.

The process is completely in-house, from feasibility work to handover. A contractor framework expired recently and a new one will be adopted this year incorporating all the good practice and lessons learnt from the previous, and they are looking at an external consultant framework for the future (e.g. for architects and planning consultants). Skills can be a challenge, particularly around project management, and particularly given most London boroughs now have a new build programme. At present private developers, housing associations and boroughs are all in competition for the same pool of people. Internal upskilling work is thus vital.

External commercial sales teams are currently used for the council's private market new builds, however people seem to trust the service they get from the council as a local authority (feeling there is better accountability) and Hackney Council have an in-house sales team for private units, which the council may access in the future.

The 550 new council homes will all be built on council owned sites. They have looked at acquiring sites, but it is hard to compete with private developers and housing associations for these. They have, however, worked with the Greater London Authority on fire and police service surplus sites, as well as successfully purchasing a site off the NHS. A public sector partnership approach should help identify a supply of sites for the foreseeable future such as work. Post-2022, partnerships with housing associations could be another option to open up additional sites.

Some of the council's own new build schemes are specifically for special needs groups, including people with mental health issues and learning difficulties (four schemes completed or in pipeline). They are now starting to look at older people requiring extra care, but this does need a scale of provision (blocks of a certain size) to work. They are currently identifying suitable sites for the future pipeline, considering also other location factors (such as being near GP services). There is an unmet need for extra-care elderly housing, with a changing demographic and current provision decades old and no longer fit-for-purpose.

The future post 2022 target for new build units is currently being considered. They would like to deliver more than the 550 affordable units for 2018-22, but to be realistic, and to continue to be a beacon for good quality.

The council as planning applicant

There are some planning challenges around their own development activity on their own sites. The planning department have very constrained resources and have suffered a high churn of officers. Building good working relations between the new build and the planning teams is very important. The new build project currently funds two case officers in the planning team and is also looking to fund an urban design and a building control officer in the future as well, to better support its applications.

Austerity has impacted the whole council, and so there can be pressures in the planning team, but also in legal, finance, communications and the housing team. Staff cuts across the authority impact the new build programme. There are also complexities and challenges to be resolved between asset management and development activities within the council.

Public leverage is greater on the council as a developer than a private developer. A robust consultant process over the council's own developments is therefore important. The new build team also proactively meet councillors to manage expectations.

The council's own new build developments go through the same open book viability process as a private development. The affordable housing contributions can be an issue regarding the viability of a scheme versus the council's objective to provide very high percentages of affordable housing. There are some negotiations over the contributions to the public realm and community facilities.

There was joint work between the new build team and the council planners to highlight areas to work on at the early stages of site selection. The council's own confirmed schemes are now in the local plan site allocations. There is a wider tension, however, as to when to go public on sites they are considering developing. There have been a number of lessons learned around this as too soon is not sensible for commercial reasons but too late can hinder meaningful public engagement.

Other developers

There are still more affordable homes provided by housing associations than by the council per annum: around 400 units. This does wax and wane and there had been some decline due to the costs of developing in Islington, however the new Holloway Prison site will see a big increase. There has been a feeling that after the financial crash, housing associations had different objectives compared to local authorities, hence the need to be more self-reliant as a council.

When dealing with private developers, it can still be difficult matching their expertise in viability negotiations. The planners will try to maximise affordable housing contributions from private development, but it is hard to secure about a 40% contribution and that is just not enough to meet affordable housing need.

Findings

In approaching the use of s106 funding for the provision of housing, then having a team of those skilled in negotiation is important. Involvement of those not just in planning, but also those who are directly engaged in housing delivery can help improve the quality of negotiations.

A summary of our key findings is:

- S106 is a useful means of providing affordable housing but will not provide enough to meet council (or indeed society's) needs;
- Having access to land for affordable housing is important and may be an issue when considering the role and use of commuted contributions;
- Government housing subsidy is required to provide the number of affordable homes needed;
- The culture of negotiations on development contributions appears to be stuck in the economic downturn narrative of 2008 and needs to be re-cast to current expectations;
- Under the current planning framework and economic conditions, s106 is not equally useful

in providing affordable housing in all local authorities and in all locations across England. This is both in overall negotiation and the percentage that can be achieved on specific schemes;

- The skills to successfully negotiate with private developers over viability and s106 contributions remain challenging for some local authorities to maintain;
- A number of authorities have successfully required contributions on sites smaller than 10 units, or considered 'tapered' contributions policies to avoid 'cliff edges' once a certain number of units are reached; and
- Affordable housing in s106 negotiations can be crowded out by other types of infrastructure requirements and councils need to remember it is their local decision as to what is most needed in the specific locality when requiring contributions as part of planning applications.

Issue 4: What are councils doing to ensure that they are receiving clawback payments for the provision of additional housing following viability negotiations?

The use of clawback or overage agreements in planning have primarily been used in agreements between developers/land agents and landowners to make additional payments when the planning consents are granted to reflect the final value of the consent against the initial agreement of land value. Since the introduction of viability testing in the planning system, there has been an increased practice by local authorities to include a clawback clause in s106 agreements, which can provide contributions if any additional scheme value beyond that which was included in the viability agreement is achieved on final sale of the development. In some councils these have become almost a standard element of all s106 agreements where viability assessment is involved whereas other local authorities are including them in selected cases.

In general, the feedback that we have had on their use in this research is that each local authority needs to understand how these agreements are linked to work in practice when they set the triggers for clawback payments to be made and also the amounts that are set. Some local authorities have stated that they have initially set the levels at rates which have led to substantial losses in clawback payments whereas others have set the thresholds in ways that they have been difficult to negotiate. However, these may be teething problems with the introduction of clawback and we have found that its use is growing in practice when negotiating individual planning applications²⁸¹.

The Government recognises the role of clawback in safeguarding the contributions made by developers in Community Infrastructure Levy ²⁸² and build to rent²⁸³.

Some local authorities have included the principle of clawback in their planning policies. In the mayor's plan for London supplementary planning guidance on housing and viability²⁸⁴, clawback is proposed to be used in a number of circumstances including build to rent schemes. The Mayor has consulted on two methods of approaching the application of clawback and the agreed approach is as follows:

'only requires viability information relating to the Build to Rent proposal at the application stage. Any clawback, which would be payable in the event the covenant is broken, will be calculated as the difference in the Gross Development Value of the units as rental properties as determined by the LPA at the application stage (index linked to reflect any changes in rental values) and the sale value of units at which the covenant is broken. This approach ensures the clawback mechanism is reflective of difference in value of the units

²⁸¹ Horsham District Council (2017). 'Planning Obligations and Affordable Housing SPD' https://www.horsham.gov.uk/_data/assets/pdf_file/0008/47951/Final-Version_-_Planning-Obs-and-Affordable-Housing-SPD_September-2017a.pdf

²⁸² MHCLG (2019). 'Community Infrastructure Levy' <https://www.gov.uk/guidance/community-infrastructure-levy>

²⁸³ MHCLG (2018). 'Guidance on build to rent' <https://www.gov.uk/guidance/build-to-rent>

²⁸⁴ GLA (2017). 'Homes For Londoners: Affordable Housing And Viability Supplementary Planning Guidance Consultation Summary 2017' https://www.london.gov.uk/sites/default/files/affordable_housing_and_viability_spg_consultation_summary.pdf

for rent and build for sale.’ (§ 5.7) and the revised guidance remains the same over the whole period ‘The revised guidance confirms that the clawback amount should not reduce over time to ensure that the covenant remains effective for the full period.’ (§ 5.8).

In the London Borough of Merton, clawback was an issue raised at the local plan examination, where the council justified its wording to support separate clawback arrangements over different stages of development where values might change²⁸⁵. In other local authorities such as Kingston upon Thames, the clawback provisions for any property are included within the Land Charges Register²⁸⁶.

East Devon Council has prepared a guidance note on the use of overage in viability assessment²⁸⁷, which is based on a strategic objective in the adopted local plan and is used when a lower level of affordable housing than is required is proposed by a developer. Before the local plan was adopted, the council had an overage clause that encouraged a quick build out rate for housing development, but this has now been changed as the local plan provides a more stable context for development. The Guidance note includes a clear explanation about when overage clauses in s106 will be used and how these will be calculated for payment. It also includes provisions for phased and enabling development. The council intends to publish model overage clauses. Watford also has an SPD for the provision of clawback as part of the calculation for commuted sums paid for affordable housing requirements²⁸⁸. The Crawley Developer Contributions Guidance Note includes a useful diagram about the stages in the development process where clawback is considered and applied in the application of Community Infrastructure Levy ²⁸⁹. Overall the role of SPDs in plan preparation can be seen as more nimble than the use of development plan documents and as well as those indicated here, a number of local authorities are using them as a delivery tool.

Evidence from our roundtables

In Northumberland, the council sometimes uses clawback and has recently reviewed its s106 agreements to create a legal template. In West Berkshire, the local authority is using clawback interest in the provision of schools²⁹⁰.

Case study: London Borough of Croydon

Housing and planning context

No up-to-date housing strategy is available on the council website (the most recent is the 2011-15

²⁸⁵ Merton Council (2017). ‘Merton Estates Local Plan Examination’

<https://www2.merton.gov.uk/QuestionsCouncilsresponses.pdf>

²⁸⁶ The Royal Borough of Kingston upon Thames (2019). ‘Stage 6: Updating the Land Charges Register’

https://www.kingston.gov.uk/info/200380/community_infrastructure_levy/1220/follow_the_cil_process/7

²⁸⁷ East Devon District Council (2019). ‘Viability Guidance Note 3: Overage’

<http://eastdevon.gov.uk/planning/planning-services/planning-development-management/viability-guidance-notes/viability-guidance-note-3-overage/>

²⁸⁸ Watford Borough Council (2019). ‘Commuted Sums for the Provision of Affordable Housing SPD (Revised 2018)’

https://www.watford.gov.uk/downloads/download/815/commuted_sums_for_the_provision_of_affordable_housing_spd_revised_2018

²⁸⁹ Crawley Borough Council (2016). ‘Developer Contributions Guidance Note: Supporting the Crawley Borough Local Plan 2015 - 2030’ <http://www.crawley.gov.uk/pw/web/PUB292852>

²⁹⁰ West Berkshire Council (2018). ‘Scheme for Financing Schools’

<https://info.westberks.gov.uk/CHttpHandler.ashx?id=37505&p=0>

strategy)²⁹¹. Croydon is, however, within Greater London and the Greater London Authority producing a London Housing Strategy in May 2018²⁹². Croydon Council are currently working on a new homelessness strategy.²⁹³ This review takes its steer partly from the London Housing Strategy, noting that 'the new strategy' aims to:

- Build more new homes – the strategy will bring forward more land for development, provide more funding for infrastructure to unlock development sites, diversify the housebuilding industry, and improve skills and capacity in the industry. (See Policies 3.1-3.4);
- Deliver more genuinely affordable homes – the new strategy will ensure homes are genuinely affordable, try and deliver half of all new homes as affordable, and protect existing social housing. (See Policies 4.1-4.3);
- Create high-quality homes and inclusive neighbourhoods – the strategy will ensure London produces well-designed, safe, good quality, and environmentally sustainable homes, that meet all of London's diverse housing needs, and will involve more Londoners in housebuilding. (See Policies 5.1-5.4);
- Provide a fair deal for private renters and leaseholders – the strategy also focuses on improving the quality of the private rented sector, and providing more stability for renters through longer tenancies, and reforming the way leasehold properties are managed. (See Policies 6.1-6.3);
- Tackle homelessness and help rough sleepers – the strategy will ensure more work is done on homelessness prevention, helping homeless Londoners into housing, and ensuring there is a route off the streets for every single rough sleeper in London through the 'No Nights Sleeping Rough' taskforce. (See Policies 7.1 and 7.2).

The Council's Corporate Plan 2018-22 talks about the need to secure 'good, decent homes, affordable to all' and commits the council to:

- Build 2,000 homes that give priority to Croydon residents;
- Return at least 100 vacant properties back into use;
- Renew the landlord licensing scheme beyond 2020 and increase the number of properties registered;
- Purchase 250 street properties for families in need with truly affordable rent and security of tenure;
- Develop our Homelessness Prevention Strategy and assist and enable our residents to secure accommodation, supporting vulnerable residents to increase resilience and independence;

²⁹¹ Croydon Council (2019). 'Housing strategies and policies'
<https://www.croydon.gov.uk/democracy/dande/policies/housing/strategies>

²⁹² GLA (2018). 'London Housing Strategy'
https://www.london.gov.uk/sites/default/files/2018_lhs_london_housing_strategy.pdf

²⁹³ Croydon Council (2018). 'Homelessness review and strategy 2018'
<https://www.croydon.gov.uk/democracy/dande/policies/housing/strategies/homelessness-review-and-strategy-2018>

- Work with the Mayor of London to ensure affordable housing in new developments²⁹⁴.

The council has an adopted 2018 local plan. In the plan, the council has a strategic policy to ‘provide a choice of housing for people at all stages of life’.²⁹⁵ The plan notes that by 2036, they expect population growth to mean 44,149 new homes are needed but that the available developable land will only accommodate 32,890 homes over the plan period. There are particular needs around affordable housing, which arguably needs to be 91% of all new units developed, but in practice the council aims for 40%. The plan has policies around housing quantity and location, affordable homes, mix of homes by size, quality and standards, gypsies and travellers and housing choice. It does not mention the Council’s own role in direct delivery of housing.

The Mayor of London has published a Housing Supplementary Planning Guidance document, updated in 2017, which provides comprehensive policy guidance on developing new housing, including issues of supply, quality, housing choice, stock and investment, social infrastructure and mixed use and large developments²⁹⁶.

The Mayor also published in 2017 another SPG document, entitled *Homes for Londoners: Housing and Viability Supplementary Planning Guidance*²⁹⁷. The document sets out the long-term strategic aim of half of all new homes in London being affordable. The SPG sets out a ‘fast track route’, noting that:

“Applications that meet or exceed 35 per cent affordable housing provision without public subsidy, provide affordable housing on-site, meet the specified tenure mix, and meet other planning requirements and obligations to the satisfaction of the LPA and the Mayor where relevant, are not required to submit viability information. Such schemes will be subject to an early viability review, but this is only triggered if an agreed level of progress is not made within two years of planning permission being granted (or a timeframe agreed by the LPA and set out within the s106 agreement).”²⁹⁸

Under the section on encouraging built to rent, the SPG sets out that a clawback arrangement should be included so that if units given permission on the basis of being built to rent are subsequently sold, then money will be payable to the LPA to provide affordable units.

Council as developer

The council’s wholly owned housing company, Brick by Brick, was established without much engagement with the council planning team. Some better up-front briefing of council planners might have been helpful, thinking about the purpose of the company and how to deal with day-to-day international relations.

²⁹⁴ Croydon Council (2018). ‘Corporate Plan 2018-2022’

<https://www.croydon.gov.uk/democracy/dande/policies/corpplans>

²⁹⁵ Croydon Council (2018). ‘Croydon Local Plan 2018’

<https://www.croydon.gov.uk/planningandregeneration/framework/localplan/clppolicies>

²⁹⁶ GLA (2016). ‘Housing Supplementary Planning Guidance’

https://www.london.gov.uk/sites/default/files/housing_spg_revised.pdf

²⁹⁷ GLA (2017). ‘Homes For Londoners: Affordable Housing And Viability Supplementary Planning Guidance 2017’ https://www.london.gov.uk/sites/default/files/ah_viability_spg_20170816.pdf

²⁹⁸ Ibid (p 6)

The company started with 75 sites, including garages, car parks and amenity open spaces on existing estates. Private consultants were used to help on pre-applications. In the end, 30 planning applications were submitted simultaneously. Affordable housing was agreed across 20 different sites together, with off-site provision. No one site from the initial tranche was larger than 50 units. Some are all affordable (as estate regeneration) whilst some smaller sites have challenging viability constraints.

The company has been ambitious and strong on design quality, albeit certain sites mean some compromises on design have to be made. The company has tended to be quite design focused, but on existing small sites within estates issues like parking and overlooking can be more important whereas something like massing might be important elsewhere. Some of these sites would not have been attractive to a private developer, so the issues raised were fairly new for planners to consider (e.g. difficult access and viability issues).

The company and the activity of direct delivery of housing are high on the political agenda locally, and this can lead to pressure for delivery and expeditious decision making by planners. There needs to be clear thought given as to how to manage internal relations when the council is the applicant.

There is a PPA between Brick by Brick and the council planning department, and they were charged for pre-application advice.

There can be higher expectations from the public when the council, or a council owned company, is the developer. Some of the Brick by Brick sites have been contentious with the local community but would have been so whoever the developer was due to the nature of the sites. There does seem to be a need for better up-front engagement with local residents if the council is the developer. This might help flag the constraints of some sites.

Other planning tools to maximise housing

As well as dealing with applications from the council's own company, planners are working to try and support housing delivery in a variety of ways in Croydon. They are trying to push private developers to go above nine units (which frequently seems to be chosen due to the 10-unit cut-off for affordable housing contributions in policy). The new *Suburban Design Guide* SPD helps provide advice as to how to deliver good quality schemes at higher densities within suburban locations, but also gives a tool to planners to use during negotiations to demonstrate certain sites could support more than nine units²⁹⁹.

Planners are trying to push site amalgamation. They would like to be able to negotiate affordable housing contributions where the same developer has multiple nine-unit schemes in the borough, but just lost an appeal on this.

Affordable housing and s106

Local policy calls for 50% of the units on a scheme to be affordable housing, with an absolute minimum requirement of 30%. This defined minimum contribution seems to have worked effectively. There is also a sliding scale policy, with increasing expectation for affordable contributions over the life of the plan as it was expected that viability would improve.

²⁹⁹ Croydon Council (2019). 'Suburban Design Guide Supplementary Planning Document (SPD2)' <https://www.croydon.gov.uk/planningandregeneration/framework/localplan/spdandoapf>

The council recently lost two appeals with a private developer building housing for older people where the developer wanted to contribute no affordable housing at all. The inspector put more weight on the need for older person accommodation than the need for affordable housing. Having a specific policy about this in the local plan might have been helpful.

There is also a Housing Enabling Officer, working with registered providers to understand their pipeline and to match developers and sites. Encouraging developers to talk to registered providers pre-application has increased affordable unit provision. Better relations with small and medium-size enterprise builders have been established and are trying to get registered providers to work with them on smaller affordable schemes.

The Mayor of London's *Affordable Housing and Viability* SPG model provisions are used in Croydon. Any scheme over 100 units (including the council's own) are 'mayoral referable' and will include clawback provisions as part of the s106 agreement³⁰⁰. On other sites, the Housing Enabling Officer will consider what's best for each scheme. Clawback provisions are not normally put into policy compliant schemes in Croydon (whereas some other boroughs seem to use it all the time).

There are community concerns as to what they get from smaller sites (e.g. lack of contribution to local infrastructure). Densifying the suburban south of the borough is politically controversial. There is a need to deliver supporting infrastructure like better bus routes, but this is challenging on a site-by-site basis. Many schemes go to committee, leading to resourcing pressures and reputational risks for the planning department. There are high pressures to deliver more housing, particularly affordable housing, but planners must still do what is ethically and morally right as professionals.

Design quality

Design quality issues are common with private developers (although there is wide variation). Sometimes they can't actually build out their consented schemes, with a greater need to think about issues like building regulations as part of the design process. There can often be challenges around character in suburban sites. Developers often seem to want to repeat what they have done before in previous sites, not reflect the particular site. As design issues, mass and appearance are often less important than neighbour overlooking, access and parking.

Findings

The use of clawback, overage or review for housing planning permissions is now becoming an increasing practice. While some councils have suggested to us that their initial approaches were too low or too high, this has developed with experience over time. In the case study, clawback has not been used in council company schemes that are policy compliant. For other types of planning application, there is a need for a review mechanism as this compliance may be challenged through subsequent renegotiation.

³⁰⁰ GLA (2017). 'Affordable Housing and Viability Supplementary Planning Guidance (SPG)' <https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/planning-guidance-and-practice-notes/affordable-housing-and-viability-supplementary-planning-guidance-spg>

Our key findings are:

- Having a review mechanism for overage/clawback in all s106 agreements for housing delivery appears to be a sensible approach given the apparent propensity of applicants to wish to re-negotiate contributions downwards after receiving planning consent;
- Councils introducing clawback should take advice from councils with more experience;
- Councils can build in a review mechanism in case initial negotiations are not successful;
- Some local authorities are providing model clauses for review and these may be a useful starting point; and
- These mechanisms are being used in different parts of the country and even where overall market conditions may not be buoyant as most local housing markets have some higher priced locations and these review mechanisms are being used here.

Issue 5: What are councils doing within their local plans to provide affordable housing?

All local authorities will have evidence of housing need provided through the Strategic Housing Plan, Homelessness Reduction Strategy, Wellbeing strategy and the Joint Strategic Needs Assessment. The role of local plans in providing affordable housing is linked primarily to the role of contributions from the private sector through s106 agreements. However, as the Letwin Review interim report demonstrated, there are five local housing markets and the rest are mentioned in part in the NPPF, but the policies contained within it are not strong enough to support their delivery of housing. At the same time, the local plan addresses the need for new housing stock rather than the quality and capacity of the existing stock and the pressures on the local housing markets caused by landlord behaviour and practices in the private sector. Although local authorities have provided affordable housing through their Housing Revenue Accounts if they still have one or through housing companies, joint ventures and establishing as registered providers, these specific roles in housing provision are not acknowledged as part of the total housing supply required or provided at the local level. The local plan also fails to acknowledge or to encourage policy and actions to meet the requirements in the local plan of the council's wider housing needs as set out in housing and/or homelessness reduction strategies.

The research undertaken by the Smith Institute³⁰¹ and the TCPA³⁰² has considered the ways in which local authorities are providing affordable housing. The Smith Institute has also recently launched an Affordable Housing Commission which is also considering this issue³⁰³. The focus of this research is to consider whether local authorities are acting to directly deliver housing if it cannot provide enough affordable housing through the means of the local plan. This inability to deliver adequate amounts of affordable housing may be evident in a variety of ways:

- There may be a mismatch between the council's housing need as identified through its housing or Homelessness Reduction Strategy and /or its Joint Strategic Needs Assessment and the number of homes required as identified through its OAN test through the SHMAA that can be delivered through the local plan;
- The viability test for new market housing may not provide an adequate amount of affordable housing to meet identified need;
- The negotiation of viability on specific developments may not be adequate by the applicant and may return to re-negotiate this amount downwards after consent;
- Developers may prefer to negotiate commuted sums leaving difficulties in providing affordable housing if this sum is not adequate to provide the housing or the land cannot be found at the tight price or in the right location;

³⁰¹ The Smith Institute (2018). 'The hidden costs of poor quality housing in the North' <http://www.smith-institute.org.uk/book/the-hidden-costs-of-poor-quality-housing-in-the-north/>; Hackett (2017). 'Delivering the renaissance in council-built homes: the rise of local housing companies' <http://www.smith-institute.org.uk/book/delivering-renaissance-council-built-homes-rise-local-housing-companies/>

³⁰² TCPA and Nationwide (2018). 'Planning for Affordable Housing' <https://www.tcpa.org.uk/planning-for-affordable-housing-report>; TCPA (2018). 'Government must listen to concerns of local government to secure affordable housing' <https://www.tcpa.org.uk/planning-for-affordable-housing>

³⁰³ The Smith Institute (2018). 'The Smith Institute launches Affordable Housing Commission' <http://www.smith-institute.org.uk/2018/10/18/the-smith-institute-launches-affordable-housing-commission/>

- There may be an absence of affordable housing providers now that registered providers are more focused on market housing;
- There may be considerable use of special classes of housing such as PRS, for students, for older people or outside the GDO for office to residential conversions that is not providing adequate affordable housing;
- There may be adequate affordable housing overall arising from new development but the provision of social rented homes within this may not be adequate and may be a residual from other affordable homes such as shared ownership which is favoured though the NPPF;
- While the council may have a Housing Revenue Account and borrow funds for new affordable housing, it may have to purchase land at market prices;
- Local authorities that have negotiated affordable homes and secured through s106 agreements that their homes are no longer attractive to registered providers to take into their management;
- Registered providers may no longer be developing affordable homes in the area as the council is no longer willing to provide land free to the registered provider in exchange for nomination rights;
- Developers may resist agreeing that affordable housing is retained in that tenure in perpetuity through the s106 agreement.

In response to these (and other) issues, local authorities may be taking other action to ensure that affordable housing is being provided to meet the needs in their area. As this study and its predecessor have shown this may be through a variety of means including having a wholly owned housing company or a property company, entering into a joint venture with other partners³⁰⁴, acquiring property from the new and secondary market or developing directly. Since the Housing Revenue Account debt cap has been removed, the approximately 50% local authorities with a Housing Revenue Account can use this means to provide affordable housing although many are still reluctant to do so while Right to Buy remains.

Planning policy for affordable housing

Local plans have the provision of housing to meet local needs as one of their key objectives, and in practice since the publication of the NPPF in 2012 it appears to be the primary purpose of the plan. This approach to the provision of housing to meet local need has also become lopsided as the Government's policies to provide more housing has been focussed towards the provision of homes for market sale and now also including for market rent as the ability of people to purchase homes is decreasing. There are no mechanisms in the NPPF to support the provision of affordable housing apart from developer contributions.

In their analysis of local plans and their ability to deliver social and affordable housing, the TCPA Nationwide study³⁰⁵ found that in the local plans they assessed, these dwelling types were not being provided in enough numbers to meet the needs identified. There was also a discrepancy in

³⁰⁴ Local Government Association (2016). 'Norwich City Council: Meeting the deadline for new affordable homes' <https://www.local.gov.uk/norwich-city-council-meeting-deadline-new-affordable-homes>

³⁰⁵ TCPA and Nationwide (2018). 'Planning for Affordable housing' <https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=780d5d17-f263-4f9f-907a-05084626ce2b>

the provision of such homes in high and low market areas. In assessing the role of local plans in providing social and affordable housing through the mechanisms prescribed to them by government, the TCPA study found that in approximately two thirds of councils, the planning system was the main source of the provision of social and affordable housing in their areas but that only 56% of the councils responding to their survey suggested that developers met their requirements most of the time. Only 25% councils stated that developers met their needs for affordable housing all the time. Significantly their survey found that 70% of councils stated that the Government's approach in the NPPF to affordable housing would not meet the need in their areas. However, there was also an assumption amongst planners that local plans are the only mechanism for the provision of social and affordable housing within their areas and there appeared to be less knowledge and understanding about the role of their own councils in direct delivery. However, not all councils are using their direct housing delivery to meet social and affordable needs, so this answer may reflect this understanding.

While local plans are important in the delivery for social and affordable housing, the TCPA Nationwide study also found that the practices of different local authorities varied when it came to prioritise these tenures in negotiation of individual schemes. The study found that in some councils, these needs were prioritised through scheme delivery and negotiation expectation, and in others these tenures were assumed to be unviable and not delivered. There are also two views on the role of social and affordable housing in major schemes. The first was that it makes the whole scheme unviable and reduced sales prices, and, in these circumstances, developers may need to provide other forms of contribution to improve sales. This view may also be supported by local councillors where there is local opportunity for the provision of social and affordable housing. A second view expressed was that the provision of social and affordable housing within a scheme assisted in encouraging faster build out rates as these homes could be provided more easily while the rental income or handover to those managing the schemes could be affected more readily to the benefit of the whole scheme.

The Government's policies are also having other effects on the ability to provide social and affordable housing. The first is through permitted development rights and the second is through non-requirements to provide social and affordable housing in developments of fewer than 10 dwellings. In both cases, the Government does not expect affordable homes to be provided as part of any scheme falling within these categories and it has been estimated that half the affordable homes have been lost as a consequence³⁰⁶.

The local plan process is required to identify housing need across all tenures and then to identify how the plan can deliver this requirement, which the NPPF identifies as being solely through the supply of housing land (§ 59). The level of need is expected to be based on the standard method of housing need assessment contained in national planning guidance, unless there are exceptional circumstances that merit undertaking this assessment in other ways that reflect current and future demographic trends and market signals. The local housing need figures should also consider requirements that cannot be planned for in neighbouring areas (§ 60).

NPPF policies for affordable housing

³⁰⁶ Helm (2018). 'Loophole used to cut affordable housing in rural England – report' <https://www.theguardian.com/politics/2018/mar/03/affordable-housing-rural-england-planning-laws-loophole-exploited-developers-report>

The NPPF 2012 and 2019 have had a restricted approach the role of planning in the provision of affordable housing to the level of need defined by local authorities through their housing and homelessness reduction strategies. The NPPF (2019) has focused on market housing and requires that

'Within this context, the size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers 25, people who rent their homes and people wishing to commission or build their own homes 26). (§ 61).

In strategic planning there must be an assessment for meeting housing need across the whole of the area. The type of affordable housing required is expected to be identified and the planning policy is expected to identify the specific type of housing required. To this point in the NPPF, there has been a focus on housing demand by type, tenure and location. However, after this point and within the same paragraph, the NPPF switches to assumptions about housing supply and it is here that there is a narrowing down on supply methods to focus primarily on the role of development contributions from market housing. Here the local plan is expected to provide at least 10% of the supply on each larger site for affordable home ownership unless this would exceed the level of affordable housing required in the area or the development is included with specific exemptions: which are in two groups:

- Provision of affordable housing should not be sought for residential developments that are not major developments, other than in designated rural areas (where policies may set out a lower threshold of five units or fewer).
- To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount 28. (§ 63) and
 - a) provides solely for build to rent homes;
 - b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);
 - c) is proposed to be developed by people who wish to build or commission their own homes; or
 - d) is exclusively for affordable housing, an entry-level exception site or a rural exception site. (§ 64)

However, from §62 onwards, the methods of providing this range of this housing need is expected to be from the market. There is a focus on the delivery of sites for housing and it is disconnected from the demand for housing when taken across the whole of the housing market requirements. The NPPF has a focus on affordable market housing but does not indicate how supplies of social and affordable housing from other sources should be included in plan making and this suggests that there will need to be specific policies set out in the plan for tenure, type and location of housing that can guide the requirements on all developments and identify where there may need to be interventions through activities such as the local authority undertaking land acquisition through agreement or using their compulsory purchase order (CPO) powers. There may also need to be policies on the use of sites allocated in the five-year land supply. The use of CPO may be more

acceptable if there is an accompanying compulsory selling order³⁰⁷.

In supplying housing to meet demand in the local plan, net additions to housing stock through planning policy is confirmed in the NPPF for the following types of housing:

- Market sale;
- Market rent;
- Affordable for sale;
- Students;
- First time buyers;
- Custom and self-build;
- Special needs housing.

While other types of housing need can be considered in the preparation of the housing requirements, there are no specific measures included to support the delivery of housing for social rent or affordable rent.

In terms of controlling supply, unless the local authority is directly providing housing through the Housing Revenue Account, wholly owned company, joint venture or other methods, it has no levers to require housing to be built even where the sites have planning consent. The range of supply mechanisms over which local authorities have no control are:

- Market sale;
- Market rent;
- Housing association provision in all tenures and types;
- Loss of social rented homes through landlord action to terminate tenancies and increase rents;
- Loss of social rented housing for those on universal credit based on landlord behaviour;
- Landowner/estate management but not exclusively in rural areas;
- Permitted development rights (e.g. change from office to residential conversions).

This means that the local plan's current ability to provide housing through its policy means are very limited and in some areas of the housing market they have no powers at all unless they take direct action to build housing. Even where they may grant an LDO, unless there are some agreements between the developer/housing association and the local authority outside the planning process, then there are no guarantees that affordable needs will be met. Even considering the expectation of 10% of affordable housing for sale on some sites that do not fall within the exemptions in the NPPF, these

- Do not align with the Government's housing policies as set out in the White Paper, Green Paper and through its programme of development as delivered through Homes England;
- Are subject to viability negotiation and as the housing will be included with other requirements in s106 that are not included with Community Infrastructure Levy (if it is operational in the area) then there is a temptation to allow affordable and social housing to

³⁰⁷ Planning Officers Society (2017). 'New CPO powers missing from Queens Speech'
<http://www.planningofficers.org.uk/news/planning-news/new-cpo-powers-missing-from-queens-speech>

fall to the bottom of the list. This may be incentivised by developers who can achieve higher prices for development without affordable housing and also for local politicians who can allay fears of existing residents that their housing prices will not be reduced by including affordable housing tenants.

Hence the major control over delivery of the social and affordable sectors of the market will be through the local authority's direct engagement through land ownership, its own investment or through joint ventures with third parties. Given this rift between the housing need requirements set by specific methodology and a focus only on specific types of supply, there appear to be no mechanisms within the local plan to meet the social and affordable requirements it has identified. Further, the national method does not consider the level of housing need that may be identified by other council assessments.

The challenge of providing affordable housing through planning policy when there is no Housing Revenue Account is also seen to be considerable. Even where there is a Housing Revenue Account as in Bristol the assumption is that the local plan will not provide enough affordable housing and there needs to be more provision using housing subsidy. In Trafford, affordability is major issue in the housing needs assessments and the housing delivery team is focusing on the delivery of poorly performing sites.

Evidence from our roundtables

There were concerns expressed about the delivery of affordable housing in the round tables. There was a view that affordable housing was being squeezed out particularly when developers had paid too much for the land. The view was in some locations that the planning system needs to be tougher in setting its affordable housing targets and sticking to them – a view that has also been expressed by the Housing Minister³⁰⁸. A number of councils had experienced renegotiation of planning consents and there were some concerns about the role of the district valuer in upholding the need for policy compliance in site viability assessments.

In the use of the revised NPPF (2019) there were concerns expressed that in practice the only affordable housing that could be provided was that in shared ownership. In build to rent schemes, it is considered that it is difficult to maintain the affordability in perpetuity although some councils have schemes and policies for this (e.g. South Lakeland and Bristol City Council). There are also concerns that in terms of the NPPF, that affordable housing is not affordable in practice. There was also a view expressed that Homes England was more focussed on meeting people's aspirations for home ownership rather than providing the range of new housing that is needed in the country or bringing existing housing up to meet climate change standards.

Case study: County Durham

Context: the local authority

The council's policies and priorities are set out in a Sustainable Community Strategy (SCS) 2014-2030³⁰⁹. In this, the location of housing is considered to be a top priority, with a town centre focus

³⁰⁸ Simpson (2018). 'Malthouse: percentage of social rented housing being built is not enough' <https://www.insidehousing.co.uk/news/news/malthouse-percentage-of-social-rented-housing-being-built-is-not-enough-59272>

³⁰⁹ County Durham Partnership (2014). 'The Sustainable Community Strategy for County Durham 2014 - 2030' <http://www.countydurhampartnership.co.uk/media/12760/Sustainable-Community-Strategy-2014---2030/pdf/SCS2014.pdf>

and there are explicit links in the SCS to the local plan. There is an emphasis on the provision of 'good quality' housing in the SCS that also links the quality of housing and health including specific issues (e.g. reducing suicides). The Joint Strategic Needs Assessment³¹⁰ also highlights the relationship between housing and health. Housing is also seen as a key council policy to address deprivation and to reduce environmental crime.

County Durham has a housing delivery company, Chapter Homes³¹¹ that was founded 2016 which will build new housing for market rent and sale commencing with 125 homes in Phase 1 in Newton Aycliffe. It has already published a progress report³¹² and an indication of the council's approach can be found on the applicant's statement in a planning application that has been made³¹³.

Context: the housing strategy

In County Durham, the council's housing and homelessness strategies consider a range of housing needs including those for older people. It also reviews the role and operation of the private rented sector and empty homes. New versions of the housing strategy³¹⁴ and homeless strategy³¹⁵ were consulted on in parallel with the consultation on the new local plan in early 2019.

Context: the local plan

The County Durham Local Plan³¹⁶ is now being developed in a revised version after the inspector's rejection³¹⁷. The plan shows the proposed locations for the 5,390 new homes across the county needed to meet the Government estimate of 24,852 by 2035. The plan aims to locate the new homes in the right places to capitalise on the investment happening around the county as well as reducing the need to travel. Measures would also be introduced as part of the plan to ensure that a wide range of quality homes are built to meet the needs of residents. This would see a requirement that 10% of all homes on developments would have to be designed for older people to better support an aging population. Between 10% and 25% would also have to be affordable homes, depending on the location. New housing would come alongside the council's ongoing measures to bring empty homes back into use across the county. The SHMAA³¹⁸ was revised 2019.

The council's company

County Durham's wholly own company, Chapter Homes, does direct delivery of new homes. The company does housing as well as commercial property and related activity. It delivered 500 units

³¹⁰ Durham County Council (2019). 'County Durham Joint Strategic Needs Assessment' <https://www.durhaminsight.info/jsna/>

³¹¹ Chapter Homes <https://www.chapterhomes.co.uk/> ; Companies House (2019). 'Chapter Homes Durham Limited' <https://beta.companieshouse.gov.uk/company/09725702/charges>

³¹² Durham County Council (2018). 'Chapter Homes - Progress' <https://democracy.durham.gov.uk/mgAi.aspx?ID=30587>

³¹³ Durham County Council (2018). 'Planning Services: Committee Report' <https://democracy.durham.gov.uk/documents/s93486/071018-CEPlanning-Item5b-Oakerside.pdf>

³¹⁴ Durham County Council (2019). 'County Durham Housing Strategy' https://durhamcc-consult.objective.co.uk/portal/planning/housing_strategy

³¹⁵ Durham County Council (2019). 'Homelessness Strategy 2019 – 2022' <https://www.durham.gov.uk/article/19898/Homelessness-strategy-consultation>

³¹⁶ Durham County Council (2019). 'County Durham Plan' <http://www.durham.gov.uk/article/7439/County-Durham-Plan> ; Durham County Council (2019). 'County Durham Plan - what's happened so far?' <http://www.durham.gov.uk/article/7448/County-Durham-Plan-what-s-happened-so-far>

³¹⁷ Conner-Hill (2019). 'County Durham Plan refined ahead of final consultation'

<https://www.thenorthernecho.co.uk/news/17352475.county-durham-plan-refined-ahead-of-final-consultation/>

³¹⁸ Durham County Council (2019). 'County Durham Plan Statement of Consultation' <http://durhamcc-consult.limehouse.co.uk/portal/planning/cdpev/>

last year, and 300 units the year before. It works to provide better quality housing, including good design and space standards.

Chapter Homes is currently building in Peterlee, where there are some pockets of demand, but it is very localised. Its first site was in Newton Aycliffe. There is some expectation from members that the company can do everything, but there is a balance between wanting to generate income (to support council services) and a more social focus. Chapter Homes aims for 14% profit (compared to about 22% for private housebuilders), with the slightly lower margin due to building to better quality.

There is a 10-year business plan and pipeline of sites for Chapter Homes, developing on council owned sites. Other local authorities have been interested in learning from Durham, but a lot depends on the individual circumstances of each authority, for example land ownership. Durham do own lots of land, but not always in the right places.

Chapter Homes will look at sites of 30 units (many national volume housebuilders only look at 50 units plus sites). They are looking at whether they can make 15-unit sites viable. For profit, this is difficult given site costs and prelims, but in some cases, there may be other (e.g. social) benefits from developing some of these smaller sites, even if the return to the authority is reduced. After 10 years, there would not be many good sites left, so it also needs to consider funding available to unlock other sites, for example making small sites viable.

The branding as 'Chapter Homes' was deliberate as it was felt this would be more attractive to the private market than just being explicitly 'the council', however it actually seems that people are reassured that it is the council behind it as there seems a higher level of trust than with some private developers.

Skills remain a key challenge. Staff often cycle around between private developers and registered providers. Development surveyor skills present a particular challenge. At present, planning skills are in reasonable supply locally, but there can be challenges there, in asset management, and in legal. To do new build development as a local authority, you have to resource the staff to support the entire development journey.

At present their primary aim is income generation for the local authority, but there are potentially shifting priorities, and some seem to have a belief the company can do everything. There is a high demand for bungalows and for elderly, supported and social housing unmet by the private market, but addressing this via the company would reduce the income being generated. The board are considering where the priorities should lie. County Durham is also currently considering housing need for learning disabilities and physical disabilities.

Other means of delivering housing

The new local plan has a policy around lifetime homes, and the local authority are talking to registered providers about bungalows. They seem quite responsive, especially given Homes England grants.

County Durham did a stock transfer in 2015, so have no Housing Revenue Account to help fund the development of social housing. If they developed their own social housing, they would then also need to think about maintenance (there is no HMO, as this is all done by registered providers, so they would probably need to consider a joint venture approach.

The authority does have a joint venture with Keepmoat Homes for the Durham Village development. This will deliver about 900 affordable homes over 10 years, with direct sales to registered providers. They are developing some more marginal sites, but Keepmoat want a 20-22% profit margins and there can be challenges in joint ventures from the different objectives of the different partners.

County Durham have a housing development manager to promote delivery of all housing, but for particularly affordable units, the county works in partnership with registered providers, who it was felt there was a need for better relations with. There is also close examination of stalled sites. There is an aim to maximise the delivery of affordable housing through s106 contributions, and use is made of a consultant to challenge viability calculations from applications for planning permission. 159 affordable units were delivered last year.

The national house builders often deliver a sub-standard product, with registered providers not happy with the space standards, and private buyers unhappy with the quality of the finish and the responsiveness of the developers to issues.

The registered providers seem to take a more competitive than holistic approach. They are becoming more commercially/market oriented and now have less interest in smaller sites. With the stock transfer, the registered providers get land as well, which has been used for development. They are looking at all methods of delivery, including considering local viability, and maximising the benefit from s106 agreements. Homes England grants are heavily utilised and can help make sites viable. The council have even looked at using the Future High Streets funds for delivering town centre affordable units.

Areas of low demand

There is still a legacy of low demand areas, with poor quality properties from the coal mining past in places like Seaham and Easington. The full range of options for dealing with these concentrated areas have been considered, including Housing Act powers. In some cases, there have been loans to residents to refurbish private properties, and acquisitions by the council in areas of extreme blight, but this requires considerable funds. For example, there is a £50million gap to deal with 15 streets in Horden.

Dealing with these areas of housing market failure might be easier with greater powers of intervention and seizure. The CPO process through the town and country planning process seems slow and frustrating, particularly where there are absentee landlords. The tools available to the local authority are insufficient, and the focus is much more on new units delivered rather than regeneration at present. The NPPF also fails to account for this context, being very London and South East centric.

Planning considerations

The local planners deal with Chapter Homes much the same as they would with any developer, expecting s106 contributions. The team try to ensure policy compliant schemes are being submitted, as a council wholly owned company must be 'whiter than white'.

The local plan and housing strategies for County Durham are being developed within the same team, and they are trying to align them. The public consultations for both have just been done in parallel, and there has been planning input into the housing strategy. Planning is a framework within which you deliver, but not a mean to delivery in itself. The authority must therefore look at

other means to deliver the housing needed and try to be an enabling authority.

Findings

In providing affordable housing for their areas, we have found that councils cannot and are not just relying on planning as a means to achieve the delivery that meets local housing needs. The view expressed was that affordable housing is consistently squeezed out of negotiations, and local authorities should be aware of the Housing Minister's advice to councils to arrive at the targets that they need and then be tough in sticking to them in negotiation. However, this may be a different matter when faced with a planning inspector at an examination or appeal.

Our key findings are:

- All local authorities need affordable housing, and this appears always to be greater than the affordable housing that can be provided through the local planning system;
- The quality of much of the private rented stock is poor and needs addressing in local plans as it is a major contributor to housing supply;
- In negotiating for contributions, affordable housing is being squeezed out by local authorities in their own negotiations and this needs to be recognised and addressed; and
- Having a single housing delivery team that focuses on all housing sites regardless of ownership appears to offer advantages in the delivery of affordable housing.

Issue 6: What are councils doing to provide special needs housing (e.g. for older people)?

While the percentage of older people in the population is increasing, there is less discussion and knowledge about this group, how they live, and how their lives will progress. In the past, there may have been a relatively short period between retirement and death, and actuarial assessments of pensions were based on these assumptions. Now, there are longer phases between retirement and death, and even retirement is not always a fixed point but a process or an entry into a new and different type of working life. In some parts of the UK, life expectancy has also started to fall.

As Table 4 shows, there are several defined periods of life in older age, including those where economic activity continues. The continuing and, in some places, increasing longevity is also contributing to the overall population growth in many local authority areas. In Greater Manchester, for example, the population increase in five of the ten metropolitan boroughs is due to older people living longer rather than an increase in families with children or younger people moving into the area. These patterns are reflected across the country but while the NPPF (2019) allows due consideration of older people as a special needs group for housing, as the House of Lords Select Committee on intergenerational fairness has demonstrated, there are no means the NPPF can safely secure this type of housing to the scale and level required to meet these local needs

Table 4: Periods of life in older age

Phase	Characteristics	Planning issues
Pre-retirement 50-60	May reduce hours, move home, take on more voluntary interests	Downsizing housing stock but may have children living at home
Partial retirement 55-75	Active in work and voluntary activities, engagement in arts and culture	Labour market participation, journey to work and volunteering, may have children still living at home, divorce and demands on housing market; may be caring for grandchildren full or part time
Full retirement - good health 65-80	Attendance and participation at cultural events, organised activities, less driving, more need for social contact for those living on their own	Main concerns, travel, personal safety, fear of crime, activities may depend on street lighting, public transport access. May downsize to sheltered accommodation or purpose designed housing for older people
Second career 50-80	Change job; need for income as low pension; work from choice	Labour market projections; journey to work considerations
Full retirement – caring 65-85	Less participation in social activities, more attendance at hospital and health facilities, managing household and other support	More dependency on community transport, use of car to attend hospital or health facilities probably with a blue badge. May have concerns about income and fuel bills for those at home all day; adaptations of home
Full retirement cared for	At home, in a care home or in a hospice. Less external activity,	Move out of house into supported accommodation, adaptation of home, more access to health facilities;

70-100	attendance at health facilities	possible access to hospice; cemetery and crematoria provision
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Source: Morphet 2018³¹⁹

The public service provisions for older people include pensions on retirements, winter fuel allowance and free public transport, which is provided for mental and physical health objectives³²⁰. While older people are active for much longer periods than in the past, there is also an expectation of growing dependency after the age of 85 and/or in the last six months of life. This is when health and support services are more likely to be needed³²¹. There is also an expectation that the number of older people in 24-hour care will double by 2035³²².

In this part of the research, we have reviewed the type of approaches that local authorities are adopting to provide housing for older people using local plans and policies. There are a range of methods being used as demonstrated here but it is also clear, that is in other parts of the report, the most active providers recognise that the current planning regime will not assist the authority in providing housing for older people without using other measures including direct provision. There is again a recognition that the NPPF is not enough to meet those needs, which are recognised but largely unaddressed in local plans in practice.

How are local authorities directly providing housing for older people?

Local authorities have a range of responsibilities for older people which are primarily focused on care and support provisions that are made by county, metropolitan and unitary councils. However, district councils also have housing duties and are providers of housing and services for older people although these have been reduced in the period of austerity since 2010. Councils have housing powers within the 1985 Housing Act and have provided purpose-built council homes for older people that have included bungalows or those with shared community facilities. Housing associations have also inherited homes for older people on stock transfer from local authorities and have provided older people's schemes as part of their portfolio. Homes England has a specific grant regime for local authorities with a Housing Revenue Account and housing associations to support homes for older people. In addition to local authorities and housing associations, the private sector has also provided housing for older people. In some cases, this is only provision for the active elderly whereas other schemes may include further support provision on site. Another type of provider are charities which may provide almshouses that may have access to different types of funding and may be able to access land more readily than other organisations³²³.

The cost of providing social care through residential provision as well as at home has become a rising proportion of local authority budgets and councils have been trying to find ways in which they

³¹⁹ Morphet J., 2018. *Changing Contexts in Spatial Planning*. London: Routledge.

³²⁰ Dalton (2019). 'Scotland's free bus travel 'increases happiness for older people''

<https://www.scotsman.com/news/transport/scotland-s-free-bus-travel-increases-happiness-for-older-people-1-4919147>

³²¹ Butler (2018). 'Social care needs for over-85s predicted to double in next 20 years'

https://www.theguardian.com/society/2018/aug/30/social-care-needs-for-over-85s-predicted-to-double-in-next-20-years?CMP=Share_AndroidApp_Gmail

³²² Ives (2018). 'Numbers of elderly in 24-hour care set to double by 2035'

<https://www.bbc.co.uk/news/health-45354846>

³²³ Essex Training Day John Lefever May 2019

can meet these needs. In some cases, county councils are developing housing directly as a means of generating income to provide support for older people and in others they have been building homes for these in particular need, e.g. Essex County Council and the district councils within the county have a programme for the provision of independent living homes³²⁴.

Policies for older people in local plans

When we consider the role of policies for older people in local plans, these are primarily focused on general policies for housing rather than considering other aspects of their lives. Yet an increase in the population of a more active older age group may crowd out school children for use of swimming pools and courts for games in leisure centres. Older people may make a significant contribution to the economically active and as employment levels are reducing and it is older people remaining or re-joining the labour force that can meet the gaps for skills that are required but otherwise unavailable. Women are also working longer as their pensionable age has been extended³²⁵. Further, while there has been a major increase in the provision of childcare in the last twenty years, there may need to be an equivalent growth in day-care for older people who are brought by their families in the morning and collected in the evening. Are there enough local buildings to provide the capacity for this type of service if it is needed?

One of the key issues for older people is loneliness and social isolation particularly since luncheon clubs and day centres have been closed within the wider context of cuts to council funding. In some places, councils are supporting voluntary movements such as 'men in sheds' or shedders in Essex³²⁶. This isolation may also reflect the fact that older people do not have family members to care for them and it is reported that those over 65 without children are 'dangerously unsupported'³²⁷. There is also an increase in older people divorcing also increasing the number of single person households³²⁸.

The needs of older people are generally specified in local plans in relation to individual types of provision (e.g. housing, social care and health). However, there are ways of considering age friendly places as an overarching standard rather than through identified provision³²⁹. Oldman of Age UK states 'accessible public transport, level pavements, places to sit, the removal of trip hazards, good street lighting and public toilets are all vital components to encouraging older people to stay engaged with their local community.'³³⁰ Other options include considering the design of

³²⁴ Local Government Association (2017). 'Housing Our Ageing Population Learning From Councils Meeting The Housing Need Of Our Ageing Population'
https://www.local.gov.uk/sites/default/files/documents/5.17%20-%20Housing%20our%20ageing%20population_07_0.pdf

³²⁵ Hill (2019). 'A woman's work is never done: twice as many still going at 65'
https://www.theguardian.com/money/2019/mar/22/a-womans-work-is-never-done-twice-as-many-still-going-at-65?CMP=Share_AndroidApp_G

³²⁶ Twitter: Essex Shed Network https://twitter.com/essex_shed/status/1112709611000422400

³²⁷ Hill (2019). 'More than 1m childless people over 65 are 'dangerously unsupported''
https://www.theguardian.com/science/2019/mar/28/over-1-million-childless-people-over-65-are-dangerously-unsupported?CMP=Share_AndroidApp_Gmail

³²⁸ Hall, Rennick and Williams (2019). 'The future of ageing'
https://www.ipsos.com/sites/default/files/ct/news/documents/2019-02/thinks_theperennials.pdf

³²⁹ Grahame (2018). 'What would an age-friendly city look like?'
https://www.theguardian.com/cities/2018/oct/10/what-would-an-age-friendly-city-look-like?CMP=Share_AndroidApp_Gmail

³³⁰ Ibid

open spaces (Knight et al 2019)³³¹.

The position in relation to policies in provision of housing for older people is also not very developed. In the House of Lords Select Committee Report on Intergenerational Fairness, evidence from ARCO stated that only 11% of local plans in England has any specific policies to address older people's housing needs. The Minister was also quoted as saying that two thirds of local authorities have no housing provision of older people in their local plans. Both of these estimates are reflected in research undertaken by Lichfields (2019)³³² that found that 7% of local plans in Scotland, Wales and England had allocated land for housing for older people. The Minister also pointed out that there is a provision to address this in the revised NPPF (2019) but because this had not been in operation for very long, it was not possible to see that the effects of this change in practice. The Select Committee noted this and also commented that failure to address the needs of older people in the local plan would not lead to the inspector finding the plan unsound at examination. The Select Committee recommended that:

'115. The Government should ensure that local plans have specific policies to address the needs of younger and older people. If the new National Planning Policy Framework's requirement that local authorities consider these issues does not achieve this, then the Government must take more direct action.'

In 2018, the Communities and Local Government Parliamentary Select Committee published a report on Housing for Older People, which considered whether a national strategy on the provision of housing for older people was needed³³³. After taking evidence, the committee endorsed this view. Particularly, the committee's report considers the relationship between health and housing together with the range of issues faced by older people in their homes such as repairs, the use of energy and moving homes. The committee found that many people in later life wished to move but considered that they had left it too late and while many older people are owner occupiers much of the housing in their ownership is of low value and may need repairs or energy performance improvement to make them attractive for sale. The committee also found that while much of the discussion about housing solutions for older people focused on downsizing, they also recognised that there were not many much housing choice by tenure or type that is suitable for older people even where they felt able to move. For older housing tenants, the committee considered that their options were even more limited.

The Select Committee recommended that all new homes should be built to category 2 standards as a minimum with some at category 3, and that housing built to this standard should be communicated well in the sales and promotion literature for housing. Further the committee considered that the various types of housing for older people that is on offer is confusing and that the Government could do more to standardise the type of homes available as has happened in other countries to good effect. For registered providers, the committee recommended that the Government should publish standards setting out their roles and responsibilities for housing for

³³¹ Knight, A., Black, R., Whitsed, R., and Harvey, R., 2018. Enhancing the usability and benefits of open space for older people in regional Australia. *Australian Planner*. DOI: [10.1080/07293682.2018.1521454](https://doi.org/10.1080/07293682.2018.1521454)

³³² Lichfields (2019). 'Solutions to an age old problem: Planning for an ageing population' https://lichfields.uk/media/5104/solutions-to-an-age-old-problem_planning-for-an-ageing-population.pdf

³³³ House of Commons (2018). 'Housing for older people: Second Report of Session 2017–19' <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomloc/370/370.pdf>

older people.

There were also specific recommendations made by the Select Committee for the planning provision for older people. The committee stated that guidance should be issued under the Neighbourhood Planning Act 2017 that recommends:

- Local authorities produce and publish a strategy explaining how they intend to meet the housing needs of older people in their area, including the scale and mix of housing and the tenures needed, and setting out the evidence relating to current housing need;
- Local Plans should, based on an assessment of local need, identify a target proportion of new housing to be developed for older people and identify suitable well-connected sites, close to local amenities. They should identify a range of different types of housing, including accessible homes, extra care housing and smaller mainstream homes to be built. The number of homes developed against this target should be published each year;
- There should be greater collaboration within local authorities between planning, social care, health and housing teams, particularly on the production of local plans. Local authority planning, health and social care teams should work together to assess the savings to health and social care budgets which may arise from additional specialist housing in their area and consider this in the context of negotiations over planning charges;
- Local authorities should be more receptive to private developers who wish to build housing for older people in their area and appreciate the potential health and wellbeing benefits leading to reduced need to health and social care services to be gained.

Since the publication of the Select Committee report on Housing for Older People, the revised NPPF (2019) has been published³³⁴. In this, the needs of older people are identified in § 61 alongside other groups such as those requiring affordable housing, families with children, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own home. In respect of these groups, the local plan is expected 'to determine the minimum number of homes needed, strategic policies should be informed by a local housing need assessment, conducted using the standard method in national planning guidance – unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals' as set out in § 60. The standard method of housing need assessment includes an indication of the location of evidence on older people³³⁵, but does not include any specific means of the ways that delivery can be reinforced through the planning process. This Government approach to housing need in the NPPF is stated to be a minimum for provision but as such it does not provide the mechanisms whereby specific sites, types and tenures of housing for older people can be safeguarded in the planning system either in the local plan or through the planning appeals process.

The approach to housing provision for older people in local plans, where there is a more active approach, has taken a range of forms. In the South Worcestershire joint Development Plan, there has been an allocations approach, and this is discussed further in the case study below. Some

³³⁴ MHCLG (2019). 'National Planning Policy Framework'

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/779764/NPPF_Feb_2019_web.pdf

³³⁵ MHCLG (2019). 'Housing and economic needs assessment' <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

have taken a more specific approach to particular types of need such as downsizing³³⁶. To meet an overall housing mismatch in the market, many do not want to move to care or retirement facilities where future costs and liabilities are uncertain. If they move to an apartment, older people like to have larger storage space so that they can take their belongings with them. Some local plans are making specific policies for the amount of downsizing housing they are expecting to be provided with as part of their overall housing provision. These include Central Bedfordshire³³⁷, Broxbourne³³⁸ and Ashford, where downsizing is included as part of the strategic objectives of the plan³³⁹.

Some older people are moving to larger homes so that other members of their family can move in for multi-generational living³⁴⁰. Some developments such as that being considered on the Isle of Wight are being designed for multi-generational living although not all residents may be part of the same families. The West London Alliance has included multi-generational living in their SHLAA for small sites³⁴¹. Older people also provide a considerable amount of care for children, parents, siblings and partners thus reducing other pressures on public services. However, many people remain on their own in older age and may need other kinds of support to change or adapt their homes. Older people are now also increasingly renting their home, and some may never own a home at all³⁴². There are also issues about the way age discrimination has an influence on people's health and wellbeing which is not generally recognised³⁴³.

In their recent report on Intergenerational Fairness, the House of Lords Select Committee commented on a range of evidence it had received about a lack of appropriate housing for older people³⁴⁴. It recommended that local authorities should be able to borrow funding again to provide social, affordable and adaptable housing for older people which they considered would assist in the supply in housing for younger people. The Select Committee also recommended that local authorities should have powers to develop public land:

³³⁶ Local Government Association (2017). 'Housing Our Ageing Population Learning From Councils Meeting The Housing Need Of Our Ageing Population' https://www.local.gov.uk/sites/default/files/documents/5.17%20-%20Housing%20our%20ageing%20population_07_0.pdf

³³⁷ Ibid; Central Bedfordshire Council (2018). 'Central Bedfordshire Council Local Plan 2035' http://www.centralbedfordshire.gov.uk/Images/pre-submission-local-plan-compressed-v2_tcm3-27081.pdf

³³⁸ Broxbourne Borough Council (2017). 'The Broxbourne Local Plan: A Framework For The Future Development Of The Borough (Pre-submission)' https://www.broxbourne.gov.uk/sites/default/files/Documents/Planning_Policy/Pre-Submission%20Local%20Plan%20Written%20Statement%20-%20LOW%20RES%20VERSION.pdf

³³⁹ Ashford Borough Council (2019). 'Ashford Local Plan 2030' <https://www.ashford.gov.uk/media/7542/adopted-ashford-local-plan-2030-2.pdf>

³⁴⁰ Tapper (2019). 'All under one roof: the rise and rise of multigenerational life' <https://www.theguardian.com/society/2019/mar/10/rise-of-multigenerational-family-living>

³⁴¹ Hughes (2018). 'West London Small Sites SHLAA' https://www.london.gov.uk/sites/default/files/ad_17_west_london_small_sites_shlaa_part_a_appendix_comp_ressed.pdf

³⁴² Centre for Ageing Better (2019). 'The State of Ageing in 2019' <https://www.ageing-better.org.uk/sites/default/files/2019-04/The-State-of-Ageing-in-2019.pdf>

³⁴³ Davis (2019). 'Ageism may increase people's risk of ill-health, study finds' https://www.theguardian.com/science/2019/apr/04/ageism-may-increase-peoples-risk-of-ill-health-study-finds?CMP=Share_AndroidApp_Gmail

³⁴⁴ Authority of the House of Lords (2019). 'Tackling intergenerational unfairness' <https://publications.parliament.uk/pa/ld201719/ldselect/ldintfair/329/329.pdf>

‘In order to increase housing supply, local authorities should be given a presumption to develop on land owned by public sector bodies. Local authorities should be empowered to ensure that development on public land takes place (§ 100).’

This was followed by a box entitled Proposed reform of public land development detailing how this reform could be used:

If a local authority includes public land within its local plan or in a supplementary planning document, then the public authority which owns that land should have six months to submit plans for developing it. In the absence of a response, the local authority should be able to grant itself planning permission in the normal way, where the landowner would have the opportunity to make representations at the Planning Committee. If permission is granted, then the matter should be remitted directly to the Secretary of State, who would only be able to decline on the basis of non-planning concerns, such as national security or public health and would be obliged to lay a report before Parliament stating the details of these concerns. If the Secretary of State upholds the permission, then the public landowner should have a limited period in which to show a clear intent to execute on the plan. In the absence of this clear intent then the local authority may appoint developers to deliver the plan.

In its consideration of the issues, the Select Committee asked the Minister of Housing and Planning Kit Malthouse, what could be done to ensure that housing for older people was provided through local plans which were determined by each local authority. The select committee also considered issues related to the UCO for housing, particularly at the interface between C2 for care homes and C3 for housing. The Select Committee recorded that the Government should issue guidance on the use of C2 as a use class.

Planning practices to provide housing for older people

Evidence of need for more housing for older people

In their research Lichfields have identified some local authority SHMAs that are being more robust in their assessment of the use of evidence to determine housing needs of older people. They specifically cite the practice in Leeds as shown below:

‘For example, the Leeds SHMA (2017) uses the Housing Learning and Improvement Network (LIN) Strategic Housing for Older People ‘SHOP’ 14 tool to estimate current and future needs for specialist older person’s housing from 2014 through to 2030. The results of the SHOP data for Leeds showed that against the 2014 prevalence rates there are shortfalls in provision across all types of accommodation for older people with the exception of extra care.’ (p6).

Leeds City Council has also published a Housing Prospectus for the housing needs of older people³⁴⁵ which includes detailed spatial needs analysis and evidence of the type of housing required across areas of the city. It identifies the level of under or provision by different type of housing, including extra care homes care beds with and without nursing. This analysis is linked to site allocations within the same areas to meet these needs, but these allocations are separate from

³⁴⁵ Wigan Borough Council (2019). ‘Work starts on new £8m scheme of 72 affordable homes near Wigan town centre’ <https://www.wigan.gov.uk/News/Articles/2019/April/New-scheme-of-72-affordable-homes-near-town-centre.aspx>

site allocation in the local plan. The only relationship between this prospectus and the local plan appears to be on space standards.

Site allocations for housing for older people

The location of housing for older people is important for their mobility but can also have a considerable impact on town centres. Older people have the highest amount of disposable income and this is likely to increase soon. In the longer-term, older households may still have a mortgage or remain in their homes. In their case studies on individual local authorities, Lichfield's found that none had allocated land for older people's housing and this suggests that the planning system in England does not support this practice. The requirements in the NPPF are for housing provision generally and this is geared towards market housing with other types of housing being provided as a residual. If a site was allocated entirely for housing for older people, of whichever type, there is no evidence that this would survive either a local plan examination or an appeal decision.

The approach taken by the Greater Manchester Spatial Framework (GMSF), which has included the requirement for housing for older people on sites in their allocations, is perhaps one step forward on this but these allocations before do not indicate the numbers required on each site nor a target for Greater Manchester as a whole. In practice, if the deficits were to be made up in local authorities where there is a significant existing and expected population for older people, then it is likely that this would need to use much of the land allocated and not all of this could be approved as market housing. While Homes England can provide subsidy for the provision of housing for older people, it does not appear to have a strand of delivery policy that would result in more housing of this type being provided as a priority.

For the private sector to use local plan land allocations for housing for older people would require them to change their product ranges. They may be able to meet some of the market by using nationally described space standards and the building regulations, but they could also include their specifications in order to provide lifetime homes that would be more attractive to older buyers.

Local plan monitoring

As Lichfields have identified, 16% local plans in England have included the provision of housing for older people by all types in their monitoring reports. This is in comparison with over 80% of local authorities in Scotland. This monitoring pattern may reflect that despite having policies for the delivery of housing for local people, this is not followed up in practice as part of the housing delivery strategy.

Working with the Housing Revenue Account to provide housing

Some councils, like Wigan, are making housing for older people a priority. There has been a focus on ageing well in the council's corporate strategy and this has included working with older people to maintain good mental as well as physical health³⁴⁶. In Wigan the local plan and housing strategy are not only regarded as tools of growth but there is also a focus on housing stock replacement and type of housing supply. Where the stock is obsolete, the council considers that it is important to replace it. This is a key focus of the council's housing strategy,³⁴⁷ which is part of

³⁴⁶ Wigan Borough Council (2015). 'Older People: independence and mental wellbeing: A practice case study: Wigan' <https://www.nice.org.uk/guidance/ng32/evidence/evidence-review-4-practice-case-study-wigan-pdf-2242568560>

³⁴⁷ Wigan Council (2009). 'Vision 2026: Wigan Housing Strategy' <https://www.wigan.gov.uk/Docs/PDF/Council/Strategies-Plans-and-Policies/Housing/Vision2026.pdf>

the delivery of the Council's Sustainable Community Strategy.

In order to fulfil this objective, the council has been developing a range of purpose-built housing for older people. Wigan has a large number of small sites and many that have formerly been used for coalmining with numerous mine shafts. The council has built 422 affordable homes for older people, and those with autism, and has 136 more homes in the pipeline³⁴⁸. One recently completed scheme is at Little Lane Goose Green, which comprises 39 self-contained one and two bed apartments³⁴⁹. The development is designed to meet life-time homes and dementia friendly standards. In addition to the apartments, there are shared spaces for all residents and communal laundry room³⁵⁰ together with a full-time scheme manager. The scheme cost £6m and received a grant from Homes England and it replaced a sheltered housing scheme that will now be redeveloped. The location of the site was chosen to provide good access to shops and services. The council has a guide to sheltered housing that is available and how to access these homes both through its own tenancies and through other providers³⁵¹. However, despite this level of focused delivery, Wigan's local plan was adopted in 2013 and does not specifically mention housing for older people.

Wigan is also part of the Greater Manchester Combined Authority (GMCA). In its assessment of future housing need, GMCA has estimated that 75% of the growth need across the authority will be from households aged 65 or over and accounts for all population growth in five of its ten local authorities including Wigan, with each seeing a substantial decline in other age groups³⁵². The Greater Manchester Spatial Framework (GMSF) has included a need to provide a good place so older people can live healthy lives and are valued in its overall vision. The GMSF has identified the need for housing for older people given their growth in the population. It has also identified the issues where older homeowners cannot afford to keep their homes in good repair. Paragraph 7.25 specifically outlines the need to address housing for older people and policy GM-H3 as shown below sets out the need to provide housing for older people as part of overall development delivery. It also requires that homes should be built to meet the standards of part M4 (2) of the Building regulations, In the plan's delivery, site allocations 35 and 41 require housing for older people as part of its affordable provision of 40% and site allocations 36, 37, 39 and 40 requires the same but with 30% affordable housing. It is also a requirement in site allocation 43 for a garden village.

Policy GM-H3 Type, Size and Design of New Housing Development across Greater Manchester should seek to incorporate a range of dwelling types and sizes to meet local needs and deliver more inclusive neighbourhoods. Where appropriate, this should include incorporating specialist housing for older households and vulnerable people. The precise mix of dwelling types and sizes will be determined through district local plans, masterplans and other guidance, in order to reflect local circumstances and deliver an appropriate mix of dwellings across Greater

³⁴⁸ <https://www.wigan.gov.uk/News/Articles/2019/March/Council-invests-in-new-homes.aspx>

³⁴⁹ Wigan Council (2019). 'Little Lane Goose Green' <https://www.wigan.gov.uk/Resident/Housing/Council-homes/Find-a-home/New-build/Little-Lane-Goose-Green.aspx>

³⁵⁰ Wigan Council (2019). 'Little Lane, Wigan' <https://www.wigan.gov.uk/Resident/Housing/Homes-for-older-people/Council-home-locations/Little-Lane.aspx>

³⁵¹ Wigan Council (2019). 'A guide to sheltered housing in Wigan Borough' <https://www.wigan.gov.uk/Docs/PDF/Resident/Housing/Guide-to-Sheltered-Housing.pdf>

³⁵² Greater Manchester Combined Authority (2019). 'HOUSING' <https://www.greatermanchester-ca.gov.uk/media/1737/housing-topic-paper-w-appendices-web.pdf>

Manchester as a whole. Housing provision to accommodate specific groups, such as students and travelling people, will be addressed through district local plans. All new dwellings in Greater Manchester must: 1. Comply with the nationally described space standards; and 2. Be built to the 'accessible and adaptable' standard in Part M4(2) of the Building Regulations, unless specific site conditions make this impracticable. Innovation in housing development will be supported where it is consistent with the principles of good design and contributes to local distinctiveness, including the use of modern methods of manufacturing that can help to improve the speed of delivery and increase building standards.

In 2018, the Government offered the Mayor of Greater Manchester a specific housing deal, similar to that given to the Mayor in the West Midlands Combined Authority. This package was tied to the delivery of a specific number of homes through the spatial framework and required that the Mayor of Greater Manchester ensure that the plan progresses in delivery and that all the constituent MB plans are also up to date. The package of funding offered was for a range of support including specific HIF fund projects, a capacity fund together with a fund for housing investment that was worth £68m³⁵³. However, in 2019, this offer was withdrawn by the Government as the GMSF was 11% lower than the number of homes that the Government had requested. The Mayor of Greater Manchester, Andy Burnham defended the decision for the lower housing targets in the GMSF as being a result of applying green belt policies and the Government's new required housing assessment method.

Despite the inclusion in the GMSF planning topic paper assessment for housing need as part of the planning process, housing for older people was not specifically defined. This specific type of need in Wigan as well as the other authorities with similar characteristics is not able to be identified as an overarching need for type of development. The ability of the Wigan Council to provide specialised housing for older people will depend on their own development activity rather than any specific policies in either the Wigan local plan or the GMCA plan

Evidence from our roundtables

In Dudley Metropolitan Borough Council, there is a Planning for Health SPD³⁵⁴ and the whole council has adopted an approach to Living Well with Dementia³⁵⁵. In North Tyneside, the council is working with registered providers to provide specialist housing for older people, creating a fast track system where they want to deliver this type of housing. They also have applied for HE HIF

³⁵³ MHCLG (2018). 'Outline Of Prospective Housing Package For Greater Manchester'
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/692154/Outline_of_Prospective_Housing_package_for_Greater_Manchester.pdf

³⁵⁴ Dudley Metropolitan Borough Council (2013). 'Planning for Health Supplementary Planning Document'
<https://www.dudley.gov.uk/residents/planning/planning-policy/dudley-local-plan/planning-for-health-supplementary-planning-document/>

³⁵⁵ Dudley Metropolitan Borough Council (2017). 'Living Well with Dementia: A Dementia Strategy for Dudley 2017-2019'
<http://cmis.dudley.gov.uk/CMIS5/Document.ashx?czJKcaeAi5tUFL1DTL2UE4zNRBcoShgo=ozsyjMTtoARoS2evQkMhtbhfSkWyZVH2t0EOECDDkXB1p8xgZBjrDjA%3D%3D&rUzwRPf%2BZ3zd4E7lkn8Lw%3D%3D=pwRE6AGJFLDNih225F5QMaQWcPHwdhUfCZ%2FLUQzgA2uL5jNRG4jdQ%3D%3D&mCTIbCubSfXsDGW9IXnlq%3D%3D=hFflUdN3100%3D&kCx1AnS9%2FpWZQ40DXFvdEw%3D%3D=hFflUdN3100%3D&uJovDxwdjMPoYv%2BAJvYtyA%3D%3D=ctNJFf55vVA%3D&FgPIIEJYlotS%2BYGoBi5oIA%3D%3D=NHdURQburHA%3D&d9Qjji0ag1Pd993jsyOJqFvmyB7X0CSQK=ctNJFf55vVA%3D&WGewmoAfeNR9xqBux0r1Q8Za60lavYmz=ctNJFf55vVA%3D&WGewmoAfeNQ16B2MHuCPMRKZMwaG1PaO=ctNJFf55vVA%3D>

funding for a major site of 100+ homes that is joint with Newcastle University and One Public Estate for specialist housing for older people.

In County Durham's local plan, the council is requiring that there should be 10% of new housing for older people and this should be a requirement in the same way as affordable housing. There is also a need for specialised housing for over 75s. They are also working with registered providers and the health authority for this kind of provision. In Northumberland, the council has an elder care strategy and the council is also working with registered providers, the private sector and through the Housing Revenue Account to provide more suitable housing.

In the London Borough of Barnet, the private sector is building two 100-bed care homes which were approved under delegated consent as the planning applications demonstrated the benefits of the schemes to the community³⁵⁶. The developer has estimated that for those people moving into the scheme, it is saving the council £3,500 per person pa in social care costs.

One of the issues that did emerge in the roundtables was that the application of the UCO to determine whether proposed schemes fall into the C2 or C3 category. Councils and developers report that schemes were being held up, some for a considerable period of time while there were legal assessments about which use class a particular scheme falls into. It was pointed out that this classification was last reviewed 30 years ago and that as standards have changed in this period it might be time for this classification to be revisited.

Case study: South Worcestershire Development Plan

The South Worcestershire Development Plan (SWDP) was adopted in February 2016³⁵⁷ (although currently under review) and is the Development Plan for Malvern Hills District Council, Worcester City Council and Wychavon District Council. Older people have been identified as a specific housing need group in the plan because the SWDP area has a higher than average number of older people living in the area with the associated changing demands on the health services and housing stock. Malvern and Wychavon have high housing price pressure. House prices are lower in Worcester City but still above the average for England.

The adopted plan includes a policy SWDP 20 for older people but there are also implications for older people in other policies³⁵⁸, and housing for older people is included in all housing allocations policies. The Planning for Health in South Worcestershire SPD recognises that older people require supportive and enabling living environments to compensate for the physical and social changes associated with ageing³⁵⁹ including consideration of health, green spaces, affordable housing, design, dementia and location.

³⁵⁶ Jones (2013). 'Barnet Football Club' <https://barnetsociety.org.uk/component/k2/22-million-care-home-for-marie-foster-site> ; <https://www.signature-care-homes.co.uk/communities/london-borough-surrey/barnet/>

³⁵⁷ Worcester City Council (2016). 'The Adopted South Worcestershire Development Plan (SWDP) 2016' http://www.swdevelopmentplan.org/?page_id=12262

³⁵⁸ SWDP 1, Overarching Sustainable Development Principles; SWDP 2, Development Strategy and Settlement Hierarchy; SWDP 3, Employment, Housing and Retail Provision Requirement and Delivery; SWDP 4, Moving Around South Worcestershire; SWDP 7, Infrastructure; SWDP 13, : Effective Use of Land SWDP 14 on Market Housing Mix ; SWDP 15 Affordable Housing; SWDP 21 Design.

³⁵⁹ Worcester City Council (2017). 'Planning for Health in South Worcestershire SPD' <http://www.swdevelopmentplan.org/wp-content/uploads/2018/05/Adopted-Planning-for-Health-SPD-Sept-2017.pdf>

SWDP 20: Housing to Meet the Needs of Older People

A. The provision of housing suitable for the needs of older people will be encouraged on all allocated and windfall sites of five units or more as part of the market housing mix through policy SWDP14 and affordable housing mix through policy SWDP15.

B. Where housing for older people falling into Class C2 of the Town and Country Planning (Use Classes) Order 1987 (as amended) is proposed, permission will be granted provided that:

i. There is an evidenced requirement for that type of accommodation;

ii. The scheme has good access to public transport, healthcare, shopping and other community facilities or, where the proposed scheme lacks such access, it can be demonstrated that there would be significant benefits to the local community from the scheme in its proposed location and the scheme would provide on-site services and facilities and tailored transport services to meet the needs of residents; and

iii. Where a mix of use classes C2 and C3 is proposed on a single site, the affordable housing requirements of policy SWDP15, are met in respect of the C3 element.

Reasoned Justification

1. The 2011 Census indicates that 19.8% of residents in south Worcestershire are aged 65 and over, compared with an average of 16.4% for England and Wales. South Worcestershire has an ageing population and significant growth is predicted in older households. Older people range from those recently retired to the very elderly, and from those who are active to the very frail. Therefore, a wide range of housing is required to meet the needs of older people. This includes a general need for flats, bungalows and smaller houses, some of which will be built to allow future adaptations to enable people to remain within their homes, to more specialist provision, such as extra-care housing. Most housing sites of five units or more can incorporate homes that can help to meet the general needs of older people. Urban extensions, because they are generally larger, may also be able to provide a wider range of accommodation suitable for older people.

2. It is considered that the specialist housing needs identified for older people (e.g. C2 housing) will be delivered primarily in Worcester and the towns, but also in other sustainable locations with good access to public transport, healthcare shopping and other community facilities. However, it is recognised that where there is a significant benefit to the local community, less sustainable locations may be considered acceptable to help meet an undersupply of specialist housing for older people. This would only be applicable to schemes involving the provision of on-site services and facilities and tailored transport services to meet the needs of residents where a conventional approach to assessing sustainability may be less relevant.

3. The Plan seeks to enable the provision of extra-care housing and supported housing, particularly where the need is informed by population trends in an area.

The SWDP also uses a range of other evidence to support its policies for older people including:

- Homelessness and Housing Strategies;
- Worcestershire County Council: Homelessness;³⁶⁰
- South Worcestershire: Housing Need;³⁶¹
- Worcestershire Extra Care Housing Strategy 2012-2026 ³⁶² where Worcestershire County Council with its District and Borough Council partners has developed a countywide strategy for extra care housing for older and disabled people. The strategy sets out the framework for the future development of extra care housing in Worcestershire and covers the period 2012-2026;
- South Worcestershire Joint Strategic Needs Assessment³⁶³.

The SWDP is also monitoring SWDP 20 including C2 and C3 dwellings³⁶⁴.

In considering how this policy came to be included in the SWDP, it was stated that as a result of consultation, e.g. with housing colleagues and with the public at consultation events the importance of housing for older people became apparent. The three councils also looked at evidence provided in the approaches of other councils including Salford's policies for housing for older people (Policy H10 2012) which is currently being reviewed in their revised local plan³⁶⁵. The SWDP also used the research undertaken by Worcestershire County Council into housing and support needs for older people within Worcestershire³⁶⁶. This all resulted in the SWDP requiring a greater mix in the housing provided in the local plan area. Since the plan was adopted, SWDP 20 has been a consideration on all housing sites when they have come forward for development and the policy has been a practical tool in raising this type of provision in negotiation.

The councils consider that it has been a support to delivery generally. The use of SWDP 20 has been seen to be particularly effective in the development of the larger town extensions in Worcester, Droitwich, Evesham and Pershore where the planning application process has enabled this policy to be applied and have some influence on the mix and character of development, including in some locations, the provision of C2 accommodation. Where SWDP 20 has been less

³⁶⁰ Worcester City Council (2018). 'Worcestershire's Strategic Direction for Tackling Homelessness 2018-2021' <https://www.wyreforestdc.gov.uk/media/3965081/Worcestershires-Strategic-Direction-for-Tackling-Homelessness-2018-2021.pdf>

³⁶¹ Malvern Hills District Council, Wychavon District Council and Worcester City Council (2018). 'Housing Need in South Worcestershire' <http://www.swdevelopmentplan.org/wp-content/uploads/2018/10/Housing-Need-in-South-Worcstershire-Final-Report.pdf>

³⁶² Worcestershire County Council (2012). 'Worcestershire Extra Care Housing Strategy 2012-2026' <https://www.malvern hills.gov.uk/documents/10558/125552/Worcestershire+Extra+Care+Strategy+2012+to+2026.pdf/6fdcdcab-04b1-0772-8064-6ee84bc2377f>

³⁶³ Worcestershire County Council (2018). 'South Worcestershire Clinical Commissioning Group Profile' http://www.worcestershire.gov.uk/download/downloads/id/9556/2017_ccg_south_worcestershire.pdf

³⁶⁴ Malvern Hills District Council; Worcester City Council and Wychavon District Council (2018). 'Authorities' Monitoring Report (AMR) 2018 South Worcestershire Development Plan' <http://www.swdevelopmentplan.org/wp-content/uploads/2019/01/AMR-FINAL-2017-18-31-12-2018.pdf>

³⁶⁵ Salford City Council (2019). 'Revised Draft Local Plan, Chapter 12: Housing' <https://www.salford.gov.uk/planning-building-and-regeneration/planning-policies/local-planning-policy/salfords-development-plan/salford-local-plan/revised-draft-local-plan-chapters/12-housing/>

³⁶⁶ King and Copeman (2009). 'Research into the Housing and Support Needs of Older People within Worcestershire' <https://www.swdevelopmentplan.org/wp-content/uploads/2011/09/WorcOlderPersonsHousingREPORT1.pdf>

effective is in the negotiation of housing for older people on smaller schemes and in the future revised plan, the policy is likely to be changed to use stronger wording to 'require' rather than 'encourage' its provision. Also, the potential flexibility in location of C2 accommodation (suggested in part Bii of the policy) possibly encouraged the submission of a planning application for an extra care village in an inappropriate rural location which was eventually dismissed on appeal - and this element of the policy will be carefully scrutinised through the review process. While there is considered to be the need for improvements in the policy, the success of delivery in the urban extension applications has been noted, but the provision of housing for older people on other schemes will depend on the extent to which DM officers have the capacity to negotiate the delivery of this policy.

Findings

On the basis of this research, together with other recently published work discussed here, we have found that:

- Provision of housing for older people by the private, public and third sectors is not adequate to provide for the changing and growing proportion of older people all over the country;
- Local authority housing and homelessness reduction strategies and Joint Strategic Needs Assessments/Wellbeing strategies are demonstrating that the housing needs of older people in the affordable and social rent sector are significant;
- Older people living in owner occupied property cannot always maintain their homes as they do not have the financial resources to do so and may be in danger of fuel poverty and, in some locations, this is leading to their wish to move to council care accommodation;
- Within the current framework of regulation for private landlords, older people who have lived in private rented accommodation for a long-term period appear to be increasingly likely to have their tenancies terminated and become homeless;
- Local authorities' assessment of the range of housing needs of older people in their local plans does not usually seem to be adequate or match other local authority assessments;
- The approach adopted by Leeds City Council is an example of a process that can be followed to assess all types of housing need for older people and to identify shortfalls;
- Even where local authorities have housing policies for older people, there are normally no overall targets of dwellings to be provided and no specified mechanisms for delivery;
- Provision of housing for older people is primarily being made by local authorities and third sector providers on their land;
- Local authorities are providing housing for older people using their Housing Revenue Account or other mechanisms such as companies or direct development using powers of wellbeing. Some local authorities are jointly developing older people's housing to enhance provision;
- Where local authorities have transferred their housing stock to a registered provider, there are now numerous examples where that provider is no longer developing homes in that area and is no longer a source of new housing provision for special need groups;
- The local plan process set out in the revised NPPF has very little impact in the provision of affordable housing for older people. While indicating that their housing needs should be identified, the only mechanisms in the planning process to meet this need are residual and

a by-product of market housing;

- The revised NPPF does not allow local authorities to allocate housing sites by type of need or tenure so that housing sites for older people's housing are not able to be allocated;
- There is an issue with the UCO for older people's housing between the classification of development as C2 or C3 that needs to be resolved;
- We did not find evidence that housing for older people is being regularly negotiated on major sites even where there are policies that this should be occurring;
- Private sector house builders are not routinely providing housing for older people and local authorities cannot require lifetime home standards in all developments; and
- The delivery of older people's housing in local plans does not seem to be monitored.

Issue 7: How can local authorities obtain the best outcomes when they negotiate large housing developments or garden cities in terms of affordability and housing types to meet a range of local needs?

As part of the Government's approach to creating the conditions for more housing to be developed, it has launched a successive wave of initiatives for new settlements including eco towns, garden towns, garden villages and garden communities. As part of these approaches, a range of advice and guidance has been provided including from the TCPA³⁶⁷ and PBA³⁶⁸. The most recent of these initiatives has been the garden towns and communities programme announced in 2018³⁶⁹ and the Government's stated aim is 'about the Government working with councils and developers to get great homes in keeping with beautiful areas in England.' The Government's funds for garden towns were announced in February 2019³⁷⁰. In this programme there has been an emphasis on the development of these initiatives being locally led. The Garden Communities project is expected to deliver 200,000 properties on large sites by 2050, and the latest funding will help to get 21 sites ready for housing development³⁷¹.

There have also been larger schemes such as that for Ebbsfleet that has been promoted by the Thames Estuary Development Corporation. In this proposal, that is located in Dartford District Council and Gravesham District Council and runs for 15 years, 15,000 homes are to be provided. The Implementation Framework has been managed by the Ebbsfleet Development Corporation that is responsible for planning advice, determines planning applications and enforcement, on affordable housing uses the standard set by two district councils in their local plans³⁷². The site is based on an infrastructure transport hub and in two local authorities, Gravesham and Dartford, where a number of other major developments including second river crossing³⁷³. Other large developments for new homes are being developed in London through the use of the Mayor's powers for Opportunity Areas which are created using SPDs³⁷⁴.

Evidence from our roundtables

Inclusion of garden towns and communities did arise at some roundtables, but they were not a major source of discussion. The proposals for St Cuthbert's Garden Village were discussed in the

³⁶⁷ TCPA (2018). 'Building successful new communities'

<https://www.tcpa.org.uk/Handlers/Download.ashx?IDMF=829c03ae-b407-4706-a0aa-6643d9c01e14> ; TCPA (2017). 'Understanding Garden Villages' <https://www.tcpa.org.uk/understanding-garden-villages>

³⁶⁸ PBA (2018). 'Creating Garden Communities: A new set of principles for modern times'

<https://www.peterbrett.com/thoughts-views/creating-garden-communities>

³⁶⁹ MHCLG (2018). 'James Brokenshire plans increase in garden towns'

<https://www.gov.uk/government/news/james-brokenshire-plans-increase-in-garden-towns>

³⁷⁰ MHCLG (2019). 'Cash boost to help build 200,000 homes in new garden towns'

<https://www.gov.uk/government/news/cash-boost-to-help-build-200000-homes-in-new-garden-towns>

³⁷¹ Ibid

³⁷² Ebbsfleet Development Corporation (2017). 'Ebbsfleet Garden City Implementation Framework Summary'

<https://ebbsfleetdc.org.uk/wp-content/uploads/2017/10/Ebbsfleet-Summary-Framework.pdf>

³⁷³ Gravesham Borough Council (2019). 'Major projects and developments'

<https://www.gravesham.gov.uk/home/planning-and-building/major-projects-and-developments/ebbsfleet-garden-city> ; Gravesham Borough Council (2019). 'Cabinet Members Meeting Agenda'

<http://democracy.gravesham.gov.uk/documents/g2910/Public%20reports%20pack%20Monday%2025-Mar-2019%2019.30%20Cabinet.pdf?T=10>

³⁷⁴ GLA (2015). 'What are Opportunity Areas?' <https://www.london.gov.uk/what-we-do/planning/implementing-london-plan/opportunity-areas/what-are-opportunity-areas>

North West where Carlisle City Council regard this as a means to change the demographic composition of the city including attracting younger and more economically active people to live and stay in the area through the development of one of the larger proposals in the most recent round of applications³⁷⁵.

Case study: Huntingdonshire District Council

Context

In undertaking a case study on a large-scale housing development, we were interested to learn about how these work in practice, particularly in terms of local authority and developer relationships. We were interested in the planning basis for the Alconbury Development and how the council saw it fitting in with the more strategic developments also taking place in their area including the development of the nationally significant infrastructure project for the A14 upgrade and link with the A1. There are also further developments to come as part of the corridor development and the Oxford to Cambridge link including another road and possibly rail upgrading. In both Cambridge-Milton Keynes-Oxford corridor (CAMCOX) and the Cambridgeshire and Peterborough Combined Authority (CPCA), Huntingdonshire is one of a number of district councils and we were interested to learn if there were any particular challenges when hosting such strategic development, which other local authorities and development parties are dependent. As noted earlier, Gravesham and Dartford are in the same relationship in relation to Ebbsfleet although there is core government involvement in this project.

In addition to the more strategic considerations in the development of Alconbury, there is also the issue in relation to the site's role in delivering housing for local needs, including that for affordable provision. We were interested to know if this was being delivered on a site wide basis or on each development and this might relate to the council's housing and homelessness strategies. We were also interested to hear about the role of place making in a large development and what issues such a major development poses for the rest of the local authority and its functions. Finally, we were interested to hear the local authority's views on the benefits and disbenefits of having such a major development within their area.

The housing requirements in the local plan have been set through Cambridgeshire Strategic Housing Market Assessment³⁷⁶ and the Huntingdonshire Objectively Assessed Housing Need document published in 2017³⁷⁷ and have a target 804 dwellings to be delivered each year. The local plan is also informed by the Joint Strategic Needs Assessment evidence supporting the impact of the built environment on health³⁷⁸. Unusually, the Joint Strategic Needs Assessment includes a specific report on new housing developments and how they should be designed and laid out³⁷⁹. The council regards its responsibility to enable development and addresses the issues that

³⁷⁵ St Cuthbert's Garden Village Carlisle <http://www.stcuthbertsgv.co.uk/>

³⁷⁶ Cambridgeshire Insight (2017). 'Strategic Housing Market Assessment (SHMA)' <https://cambridgeshireinsight.org.uk/housing/local-housing-knowledge/our-housing-market/shma/>

³⁷⁷ Roebuck, Jones and Kemp (2017). 'Huntingdonshire: Objectively Assessed Housing Need' http://cambridgeshire.wpengine.com/wp-content/uploads/2017/12/HDC_OAN-Update_28-04-2017.pdf

³⁷⁸ Cambridgeshire County Council (2017). 'Joint Strategic Needs Assessment: Summary of Themed JSNA' https://cambridgeshireinsight.org.uk/wp-content/uploads/2018/11/CCC-JSNA-summary-report-2016-2017-FINAL_20181123.pdf

³⁷⁹ Cambridgeshire & Peterborough Combined Authority (2019). 'Housing' <https://cambridgeshirepeterborough-ca.gov.uk/about-us/programmes/housing/>

this might pose in delivery.

Huntingdonshire District Council is part of the CPCA area and part of the National Infrastructure Commission's (NIC) proposed Oxford to Cambridge Arc (CAMCOX). The CPCA is set to receive funding and powers from Central Government in a number of areas including £170 million to deliver new homes over a five-year period which includes affordable, rented and shared ownership housing. CPCA has also recently established a housing company³⁸⁰ which it has included as part of its housing strategy for delivery³⁸¹. The housing company will be part of a larger trading company and it will focus on affordable housing and will also sit alongside investment and infrastructure companies.

Alconbury

The development at Alconbury has always been part of the Huntingdonshire District Council's (HDC) corporate strategy rather than the local plan. The council's housing strategy 2017-2020³⁸² and Action Plan³⁸³ has identified a number of priorities including a need for growth, new affordable housing, meeting the needs of an ageing population and dealing with an increase in homelessness. The local plan will provide sites for 21,000 homes by 2036 and Alconbury will provide 5,000 of those³⁸⁴. The council is also committed to making Alconbury a place and building communities there rather than just providing new homes. The greatest challenge is in delivering affordable homes and HDC is seeking 40% affordable housing. CPCA has funding for affordable housing and has identified suitable sites in the area. The council is exploring a wholly owned company and a joint venture and will allocate more land than required in its OAN in order to ensure delivery.

The development of a new settlement at Alconbury in Huntingdonshire District Council has a different provenance in comparison with other government-led new settlements and is led by a landowner. It is not identified in a site allocation in the local plan although the plan is up to date having recently been submitted for examination³⁸⁵. While the housing element of the Alconbury development is not included in the local plan, it is mentioned throughout the plan as a strategic development, as a service centre and an Enterprise Zone, which is primarily a location for jobs.

For the Alconbury development, the owners of the site Urban and Civic purchased it in the 1980s from the Ministry of Defence. There is a long-term relationship between them and HDC. Urban and Civic also own another strategic site in the council's area at St Neots. Now the development has commenced, the landowner is being selective with the developers they are using to build out the site and are concerned about achieving a quality development both for design and layout. They

³⁸⁰ Cambridgeshire & Peterborough Combined Authority (2019). 'Agenda' <http://bit.ly/2O6lXzK>

³⁸¹ Cambridgeshire and Peterborough Combined Authority (2018). 'Combined Authority launches bold, innovative and ambitious housing strategy' <https://cambridgeshirepeterborough-ca.gov.uk/news/combined-authority-launches-bold-innovative-and-ambitious-housing-strategy/>

³⁸² Huntingdonshire District Council (2017). 'Huntingdonshire Housing Strategy 2017-2020' <http://www.huntingdonshire.gov.uk/media/2765/housing-strategy-2017-20.pdf>

³⁸³ Huntingdonshire District Council (2017). 'Housing Strategy Action Plan April 2017 to March 2018' <https://applications.huntingdonshire.gov.uk/moderngov/documents/s86226/Item%204%20Housing%20Strategy%202017-20%20Appendix%202.pdf>

³⁸⁴ Huntingdonshire District Council (2019). 'Huntingdonshire's Local Plan to 2036' <https://www.huntingdonshire.gov.uk/planning/new-local-plan-to-2036/>

³⁸⁵ Huntingdonshire District Council (2018). 'Huntingdonshire's Local Plan to 2036: Proposed Submission 2017' <https://www.huntingdonshire.gov.uk/media/3007/core01-final-local-plan-for-submission.pdf>

have chosen a range of developer/builders including a national company but have also selected a more local company to develop part of the site. From the council's perspective, as the site owner is concerned with quality and delivery the local authority does not have to do this. Both the landowner and the council are keen on community development on the site and both appreciate that it is something that has to be worked at over time. The landowners are also keen to work with existing nearby communities as well as the new ones emerging from the development. The landowners and council are keen to provide public value and their motivation is to create a good place to live. In working with the landowner, the council has agreed to defer some affordable housing until the second phase. The working relationship is described as good but tough, and they both attempt to resolve issues before they escalate. The council has a PPA with the landowner.

The benefits of have a large landowner committed to quality housing development and place making is much appreciated by the council and the relationship between them has developed over a long period of time. It is interesting to note that the council is not relying on Alconbury to provide housing in the local plan through site allocations although the site's role in providing employment is clearly an important issue for HDC. More strategically, HDC will benefit from some land release for housing once the A14 scheme is completed and has a future of more development as the CAMCOX corridor comes into being. Whilst the council benefits from such a large landowner's proven practices, at the same time, the scale of the site means that the landowner will be proceeding at their own pace and the council has recognised this by omitting them from their deliverability assessment.

Findings

For those local authorities with a large new settlement in their area, there will always be local issues to consider. The relationships will be long term and together all those involved may need to present a common approach to the Government in order to obtain support.

Our key findings are:

- It is important for local authorities to have good relationships with major landowners in their area given the length of time it is likely to take for the development to be delivered;
- Having landowner commitment to quality and placemaking may mean that relationships can be more flexible, although it will depend on what kind of agreements have been made in the planning application. There may also need to be a fall-back review mechanism;
- On any major development, it is important to have a PPA whether the authority is large or small as these developments require significant resources;
- Team continuity is important in the successful delivery for both the council and the developer; and
- In order to manage housing delivery, reliance on major sites to deliver the required housing needed in the local plan may be a risk and other initiatives such as allocating more land than required elsewhere may be a reasonable strategy.

Issue 8: What have local authorities learned using joint ventures and what do they regard as being the most successful arrangements?

Local authorities have used joint ventures for many years for a variety of purposes and they take a range of forms. In some cases, local authorities have entered into a joint venture to redevelop a city centre or build a shopping centre and here the local authority may have provided the land. In other cases, local authorities have entered into joint ventures to enhance their skills or to provide funding for development. Local authorities have entered joint ventures with a range of partners to provide housing, including with the private sector developers (e.g. Eastleigh District Council and Gateshead MB³⁸⁶), a constructor (e.g. Bristol UA), with a housing association (e.g. Surrey County Council and Brighton and Hove UA) or with another council (e.g. Forest Heath District Council and St Edmundsbury Borough Council in Suffolk³⁸⁷). The LGA has also produced a range of case studies³⁸⁸ on the role of joint ventures and how they work. Some councils have multiple joint ventures such as Pendle which has established separate joint ventures with its partner for a range of individual developments including for an older person's home.

The NLGN regards joint ventures as being a more positive approach for local authorities than outsourcing³⁸⁹ and in the Government's Green Paper on Social Housing (2018), it stated that councils could positively work in joint venture partnerships with other providers. Grant Thornton has been more critical of joint venture approaches³⁹⁰ stating that a successful joint venture depends on having shared objectives and a good governance structure. David Walker in *The Guardian* has argued that a public interest test should be established for any local authority joint venture³⁹¹.

Some councils are developing new ways to enter into joint ventures. In Bolsover, the Dragonfly

³⁸⁶ Fry (2018). '£2bn council and developer joint venture to deliver up to 500 homes' <https://www.insidehousing.co.uk/news/news/2bn-council-and-developer-joint-venture-to-deliver-up-to-500-homes-55838> ; Havering Council (2017). 'Joint Venture partner appointed for multi-million-pound regeneration in Beam Park' https://www.havering.gov.uk/news/article/326/joint_venture_partner_appointed_for_multi-million-pound_regeneration_in_beam_park

³⁸⁷ Barley Homes (2018). 'About Barley Homes' <https://barleyhomesgroup.co.uk/about/>

³⁸⁸ LocalGov (2019). 'Joint venture' <https://www.localgov.co.uk/Joint-venture>

³⁸⁹ NLGN (2018). 'From Transactions to Changemaking: Rethinking Partnerships Between The Public And Private Sectors (Executive Summary)' http://www.nlgn.org.uk/public/wp-content/uploads/From-Transactions-to-Changemaking_EXEC-SUMMARY.pdf ; NLGN (2018). Full Report <http://www.nlgn.org.uk/public/2018/from-transactions-to-changemaking/> ; Lawson (2018). 'A Route Map to Changemaking Partnerships Between The Public And Private Sectors' <http://www.nlgn.org.uk/public/2018/from-transactions-to-changemaking-blog/>

³⁹⁰ Grant Thornton (2016). 'Local authorities increasingly look to joint ventures but their success relies on shared...' <https://www.granthornton.co.uk/news-centre/local-authorities-increasingly-look-to-joint-ventures-but-their-success-relies-on-shared-objectives-and-good-governance/> ; Grant Thornton (2016). 'Better together: Building a successful joint venture company' <https://www.granthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2016/building-a-successful-joint-venture-company.pdf>

³⁹¹ Walker (2013). 'If a joint venture behaves like a business, where is the public interest?' <https://www.theguardian.com/public-leaders-network/2013/aug/16/council-joint-venture-defining-public-interest>

Development Company³⁹², a joint venture with Woodhead³⁹³, is developing three housing sites. It is established as an LLP which is more efficient for tax than other company formats. The way was cleared for councils to enter into LLPs following the judgement on the London Borough of Haringey³⁹⁴. Dragonfly is not a Teckal company, it is entirely in the private sector and it has a business plan that is approved by the council. As well as developing housing, Dragonfly is also developing land for employment use.

Evidence from our roundtables

In the roundtables conducted for this research, we had a range of views expressed about working with joint ventures. One of the main concerns was whether a joint venture could ever be equal if it was with a private sector provider. Many of those who attended the roundtables from local authorities had worked with joint ventures, where the motivation for the local authority had been providing additional skills for the delivery of development although in some cases there was a financial driver or an approach where the local authority could share its risks.

Overall, the feedback from local authority officers working with joint ventures was mixed. There was a view expressed that the costs of the skills provided was high, although the joint venture could be a way of dealing with the higher salaries required for development surveyors 'off the books' in a joint venture rather than create issues for the local authority's salary structures. One council reported that the council's development surveyor was earning more than the council's chief executive for example. Others reported that their council joint venture was with a housing association with the express objective of using housing association skills to develop and support the local authority. Here the experience was reported as being poor with the housing association not understanding its consultancy role to the local authority and this relationship was terminated. Other councils reported working with neighbouring councils to appoint and share skilled staff and this was done outside a joint venture. Where councils were working together in a joint venture, this represented the objectives of bringing together a larger purchasing budget and obtain better rates for contracts. In some cases, this was because there were other relationships between the two councils which supported joint working.

In Stoke on Trent City Council, registered providers have not been very active building housing with fewer than 50 properties built in the last year. The council has used a joint venture alongside other initiatives such as a wholly owned company in its Housing Zone to deliver housing and this is backed by Homes England. The council is particularly keen to provide more housing as they estimate that it has a multiplier effect of providing 2.4 jobs.

In Durham, for example there is a joint venture with Keepmoat, which is working in the Durham Villages, where there is a need for subsidy and the council also has its own company Chapter Homes which is selling market sales and providing affordable housing. The council does not manage its own stock but places the management with registered providers. Gateshead also has a

³⁹² Bolsover District Council (2019). 'Council is meeting housing challenge head on' <https://bolsover.gov.uk/index.php/resident/empty-properties/62-your-council/latest-news/766-house-building> ; Bolsover District Council (2017). 'Growth Summary 2016/17 Half Year Position' <http://web.bolsover.gov.uk/reportsagendas/Reports/report19074.pdf>

³⁹³ Dragonfly Homes <http://dfdevelopment.co.uk/homes/>

³⁹⁴ Royal Courts of Justice (2017). 'High Court Judgment' https://www.haringey.gov.uk/sites/haringeygovuk/files/peters_v_haringey.final_.pdf

joint venture with Galliford Try as does Eastleigh. In Gateshead, there are 25 sites in the joint venture agreement and this is also in conjunction with the Home Group. Overall, the development of these sites has seen slower progress than anticipated and most of these issues have related to site conditions. Elsewhere, in West Berkshire, the joint venture is with a housing association and officers considered that it was too early to assess how this would work out in practice³⁹⁵.

Case Study: Slough Borough Council

The council is involved in a number of major projects including Crossrail³⁹⁶ and the proposed third runway at Heathrow Airport, and has a five-year plan 2019-2024 that has housing as a main priority³⁹⁷. The longer-term housing priorities are to maintain council housing to a high standard, deliver new affordable homes, the number of households in temporary accommodation and to drive up standards in the private rented sector. The council has a strategic asset purchase scheme as part of capital strategy³⁹⁸.

Slough Borough Council and Morgan Sindall³⁹⁹ have a joint venture relationship for a range of projects including schools and town centre regeneration and housing development. In 2012, Morgan Sindall was appointed the preferred partner for Slough Regeneration Partnership which is a local asset backed vehicle (LABV) and appears to work with a range of companies within in the Morgan Sindall group including Lovells. The joint company is called Slough Urban Renewal (SUR)⁴⁰⁰. It appears that there is an overall agreement but that particular developments might be undertaken through specific joint venture arrangements between Slough Borough Council and part of Morgan Sindall (e.g. waterfront development below). There is a SUR masterplan which includes all the current developments under consideration⁴⁰¹. The council also has a separate wholly owned housing company, James Ellman Homes⁴⁰².

Morgan Sindall describes their relationship with Slough Borough Council as follows:

'Slough Urban Renewal (SUR) is a Property Partnership formed by Slough Borough Council (50%) and Morgan Sindall Investments (50%). The joint venture plans £1bn of development over its 15-year life. Our dedicated team based in Slough is delivering an impressive programme of joint developments and community projects. The Partnership's key objective is to create more value for the Council, as well as more opportunity, more prosperity and a better quality of life for those who live and work in the borough. We have expanded our team in Slough from 7 people to 80 people in the last 19 months as a result

³⁹⁵ West Berkshire Council (2018). 'Agenda item: Joint Venture with Sovereign Housing Association' <http://decisionmaking.westberks.gov.uk/mgAi.aspx?ID=43568>

³⁹⁶ Slough Borough Council (2019). 'Regenerating Slough' <https://www.slough.gov.uk/business/regenerating-slough/>

³⁹⁷ Slough Borough Council (2019). 'Five Year Plan 2019-2024' <https://www.slough.gov.uk/downloads/Five-Year-Plan-2019-2024.pdf>

³⁹⁸ Slough Borough Council (2017). 'Report to Cabinet' <http://www.slough.gov.uk/moderngov/documents/s45579/Report.pdf>

³⁹⁹ Morgan Sindall Group (2018). 'Slough Urban Renewal' <https://www.msinvestments.co.uk/projects/slough-urban-renewal>; Morgan Sindall Group (2019). 'Breathing life back into Slough' <https://www.morgansindall.com/news/morgan-sindall-group-appointed-preferred-partner-%C2%A31-billion-regeneration-partnership-slough>

⁴⁰⁰ SUR <https://www.slough-thinkingforward.co.uk/>

⁴⁰¹ SUR (2019). 'SUR Masterplan' <https://www.slough-thinkingforward.co.uk/masterplan/>

⁴⁰² Slough Borough Council (2017). 'Housing Strategy 2016 to 2021' <http://www.slough.gov.uk/moderngov/documents/s46646/Housing%20Strategy%20Appendix%20C.pdf>

of the increased development activity. We draw on Morgan Sindall Group's tremendous capacity to deliver developments through the following market leading companies.'

The benefits of the joint venture to the council are said to be that it provides a financial contribution to the delivery of services and this has meant no service cuts. Further, the council has received a capital receipt of £20m for land and development from the partnership in 2017 2018.

Housing context

The council has a Housing Revenue Account and its housing strategy 2016-2021 (2017)⁴⁰³ states that the main issues are that there are a high number of homes in PRS and homelessness is high. The strategy commits the council to providing 200 new homes per annum and needs 20,000 new homes by 2036. The housing strategy also commits to providing housing for key workers.

The council has two housing companies Herschel Homes⁴⁰⁴ and James Elliman Homes⁴⁰⁵ both founded in 2016. These two companies were deemed to be required by the council in order to allow for interventions in different areas of the market. The companies are in the business of acquiring existing or newly-built homes. The council states that the companies can contribute to the provision of homes in a number of ways including:

- Providing a potential buyer for new developments, for example at sites such as Slough Basin or those to be developed by private developers;
- Bringing empty properties back into use;
- Using existing accommodation to provide more affordable housing;
- Providing specialist accommodation for particular groups, for example care leavers or key workers;
- James Elliman Homes is intended to develop a partnership with private landlords and the council intends to intervene directly in the market to provide a greater supply of affordable accommodation for homeless families or as a preventative alternative to homelessness. James Elliman Homes will be used to acquire existing housing for use for households threatened with homelessness. The company is intended to act as an exemplary private landlord and help promote good standards in the private rented sector.

Alongside James Elliman Homes, the council is also putting in place improved management arrangements to bring together landlords and tenants to make the most effective use of the accommodation available. The council hopes to increase the quality and choice of accommodation available to homeless and potentially homeless households through both the delivery of new housing supply alongside other specific market interventions.

The council is building new homes as part of council's small sites strategy. The council commissions these directly but employs Morgan Sindall as project managers for some schemes. In 2016, the council identified 25 council-owned small development sites to be used for building new,

⁴⁰³ Slough Borough Council (2017). 'Housing Strategy 2016 to 2021'

<http://www.slough.gov.uk/downloads/Housing-strategy.pdf>

⁴⁰⁴ Wilcock (2016). 'New Housing Companies For Slough'

<http://www.bqlive.co.uk/property/2016/09/20/news/new-housing-companies-for-slough-6787/>

⁴⁰⁵ Companies House (2019). 'James Elliman Homes Limited'

<https://beta.companieshouse.gov.uk/company/10603870/officers>

and extending existing, council homes. In total, more than 120 new properties will be built. In January 2017, work started on four sites in Wexham and in August 2017 on an additional six sites in Britwell and Northborough. In May 2018, work started on six more sites across the town and in December 2018 the largest phase started with six more sites bringing 36 new properties. There has also been development of the waterside area⁴⁰⁶.

SUR has been involved in delivering schools⁴⁰⁷, leisure and community schemes⁴⁰⁸, town centre commercial development and housing schemes (private and affordable) on council land (both greenfield and brownfield sites).

Planning context

The council has developed the Heart of Slough Masterplan 2014⁴⁰⁹ that has potential for 1,500 homes as well as other development. The council subsequently has purchased the remainder of this site. The local plan is for 2006-2026⁴¹⁰ and there is an emerging local plan 2016-2036⁴¹¹. The council states that: 'The Government's Strategic Housing Market Assessment (SHMA) has identified the need for Slough to provide 927 new homes each year up to 2036. The council will seek to achieve this ambitious target, but this depends on there being enough land and sites available for development in the borough.'

Housing completions in the borough reported in 2018⁴¹² show that 4,734 houses are expected to be built over the next five years, the council having indicated potential development sites in the future that might achieve about an average of 900 homes per year if they all come forward. This shows that the council has sustained a period of house completions at a higher rate than we have managed in the past.

Context outlined in interview

The OAN for Slough is currently 900 units per annum. At present, this can be met with sites available. Longer term there may be a need for a northern expansion of the town beyond the borough boundary, but at present there are plenty of vacant or under-utilised brownfield sites, with few neighbours and minimal heritage constraints. There are, however, questions as to whether owners of some of these sites will sell, whether local politicians will accept higher density, and whether the private market will deliver the amount of housing that is needed. There are therefore

⁴⁰⁶ SUR (2019). '20 Years In Planning – Stoke Wharf Is One Step Closer' <https://www.slough-thinkingforward.co.uk/news/20-years-in-planning-stoke-wharf-is-one-step-closer/>

⁴⁰⁷ Morgan Sindall Group (2018). 'Morgan Sindall hands over £17m hat-trick of Slough schools' <https://construction.morgansindall.com/news/morgan-sindall-hands-over-%C2%A317m-hat-trick-slough-schools>

⁴⁰⁸ Morgan Sindall Group (2016). 'The Curve, Slough' <https://construction.morgansindall.com/case-study/curve-slough>

⁴⁰⁹ Slough Borough Council (2014). 'Heart of Slough Masterplan - review of progress and implementation' <http://www.slough.gov.uk/moderngov/ieDecisionDetails.aspx?AllId=25365> ; Slough Borough Council (2014). 'Report to Cabinet' <http://www.slough.gov.uk/moderngov/documents/s32398/Report.pdf>

⁴¹⁰ Slough Borough Council. 'The Emerging Local Plan for Slough 2016-2036' <http://www.slough.gov.uk/council/strategies-plans-and-policies/the-emerging-local-plan-for-slough-2016-2036.aspx>

⁴¹¹ Slough Borough Council. 'The Emerging Local Plan for Slough 2016-2036' <http://www.slough.gov.uk/council/strategies-plans-and-policies/the-emerging-local-plan-for-slough-2016-2036.aspx>

⁴¹² Slough Borough Council (2018). 'Report to Planning Committee' <http://www.slough.gov.uk/moderngov/documents/s52353/e%205%20yr%20housing%20land%20supply%202017-18%20FINAL%20Committee%20report.pdf>

concerns about the housing delivery test. Affordable housing is a high political priority locally.

Council as developer

Slough has been building housing directly itself and has also purchased properties which then come into their Housing Revenue Account. From 2005-11, the council built about 120 houses to respond to family need, using redundant sites on existing estates (a 'garage strategy'). Originally, the council would develop properties but then sell them to Registered Social Landlords to manage, whereas now the council manages properties directly.

They are still building homes directly under their Housing Revenue Account on council owned small sites, tendering out the actual building work. The council has also used joint venture approaches. At the Britwell site, the land was given for free to a private developer in exchange for a set number of council houses being built in addition to the private sales units. The current joint venture is with Morgan Sindall, to form a company called 'Slough Urban Renewal'. It redevelops council owned land for housing, as well as commercial and community buildings. The affordable housing developed through this then becomes council owned. They are building out some big sites.

The joint venture develops council owned land at present. The council have acquired the former Thames Valley University site (which will be developed as mixed tenure housing), and this might also be developed by the joint venture. The council is active in acquiring sites, but some of these are purchased for income generation with less view on housing delivery.

A CPO was approved for the 'Heart of Slough' urban renewal project but was not used in the end as deals were then agreed with landowners. This scheme will include office development, hotel development and residential development.

There is also a council wholly owned company, James Elliman Homes. They have leased properties for temporary housing needs and are currently looking at ways to develop key worker housing. S106 agreements on private development sites include an affordable housing contribution as the top priority. In the past, this would go to Registered Social Landlords but now some are going directly to the council's company, who see this as good value. These are on smaller sites, where Registered Social Landlords do not seem interested.

The council is working up an application to redevelop two tower blocks, which are currently 120 units, into a new scheme of 140 units, at better design and quality. These will all be affordable units, funded by council institutional financing.

When the council is the developer, there is a need to work internally to manage expectations. Different parts of the authority can have different expectations (e.g. design quality compared to finance concerns). It can be hard to negotiate over council schemes but equally a Committee Report saying a scheme is not policy compliant is hugely embarrassing so there is a desire to work things out internally. There can also be technical and highway issues with some of the small sites. The council seeks to develop on its own land (and neighbours can often dislike these schemes, in particular perceiving parking disputes).

Affordable and special needs housing

The affordable housing policy was refined last year for larger sites. 40% of units to be affordable is the usual expectation, but for brownfield sites this is 35%. Tenures can include living rent, social

rent and affordable rent on brownfield sites, whereas on greenfield (where viability is less of an issue), they want more social rent. For schemes which are 15-24 units, the council will accept a commuted sum for offsite affordable housing rather than onsite provision. There is a sliding scale so there is no 'cliff edge' at 15 units.

Slough do find that often SME developers will buy sites without thinking about affordable housing, leading to some sites sat there and not being developed. There are also issues with lots of small landowners and some smaller developers not joining sites up, making development disjointed or not exploiting opportunities for larger scale comprehensive development.

There is a need for extra care home provision in Slough. There have been talks with a private developer, but these seem to be slow progress. The need is clearly identified but not sure if it can rely on private delivery. Lifetime home standards are in local policy.

Design quality

Design quality issues often involve hard work and compromise by local planners. Private developers know the council is keen to see growth, development and housing delivery and this can undermine efforts to negotiate good quality design. A design review panel approach is now being used for the council's own developments.

A key challenge is around knowledge and skills internally. The first schemes were really worked on by Property and Asset Management staff, with insufficient focus on architect-led design and negotiation with planners. In the joint venture, there is a widespread use of consultants which can help ensure quality but can mean less chance to gain and retain knowledge within the council. There is a need for more dedicate resource around the council's own developments.

Findings

Based on the research conducted for this report and other research in this field we found that:

- In our desk survey, 57% of local authorities are in a joint venture (with a range of partners);
- Motivations of council's being within a joint venture varied from additional skills, funding or to share risk;
- While some local authorities preferred a joint venture to undertake housing delivery, for others this was one of the options that they used alongside others;
- Some local authorities adopted a joint venture on a site-by-site basis whereas others had a programme of development included within the joint venture;
- Some joint ventures had a target for delivery;
- Joint ventures can be useful as they sit outside the council and can provide mechanisms for providing skills and additional staffing at times of austerity;
- Not all joint venture relationships are successful, and some local authorities have found that joint venture partners want to take a dominant role on the form of housing to be provided and may not always be policy compliant; and
- Some authorities have withdrawn from, or avoided, joint ventures because of concerns of conflicting priorities and objectives between different partners.

Issue 9: How are local authorities managing the planning processes when they are the developer?

A number of councils now have a housing company, and this means learning about new relationships inside the council. Some councils have companies while also having a Housing Revenue Account and a joint venture as the two surveys demonstrated. In Gateshead for example, the council has been developing housing for sale alongside its affordable homes. The council is undertaking this as part of its estates regeneration and has plans for older people. The provision of housing has led to the council establishing a more specialist planning team that now includes a development surveyor and an ecologist. This establishment of specialist teams is also the case in Bristol, Plymouth, Hackney and Tower Hamlets where the range of skills has been broadened to deliver all types of housing. In Hackney, the council has been approached to share its skills by two other boroughs – Islington and Camden. In Essex County Council, the council has established a development company and team, Essex Housing⁴¹³ is developing sites in the council's ownership but is also offering a full range of development services from appraisals to planning applications for all public sector bodies within Essex.

Where local authorities have established development companies, we have found in this research that these council companies wish to be policy compliant in their development and if their planning applications are refused then we have found none that have appealed. However, there may be a case that is emerging where Essex Housing is seeking to develop the hospital in Colchester which it has purchased from the NHS and it has told Colchester Council that it cannot meet the council's housing contributions requirements because of the viability of the scheme⁴¹⁴.

Evidence from our roundtables

Exeter City Council set up Exeter City Living when there was a debt cap on their Housing Revenue Account activities and up to that point had delivered 40-50 homes. The council was motivated by a need to establish an example of housing quality. Now that the Housing Revenue Account is available again, there is a current search for sites which might be suitable for this type of development and contribute to housing delivery not least as the City Council is finding it difficult to identify a five-year land supply. This would make the local authority potentially a key player in housing delivery. There are concerns about skills and capacity. In Wiltshire, Durham and Northumberland the councils have a partial Housing Revenue Account inherited from one of its constituent local authorities. In Wiltshire, this is delivering 180 homes and has now established a housing company and a development company for other housing development⁴¹⁵.

A number of local authorities discussed the role of the council as a housing developer at the research roundtables. Some councils reported strong and shared teams providing housing through the Housing Revenue Account and the council's development company although, in some

⁴¹³ LABM (2018). 'Community centre's future secured in Essex Housing development'
<https://labmonline.co.uk/news/community-centres-future-secured/>

⁴¹⁴ Bryson (2019). 'Affordable homes at Essex County Hospital site' not financially viable"
<https://www.gazette-news.co.uk/news/17660320.details-revealed-of-110-home-development-at-old-hospital-but-there-are-no-affordable-properties/>

⁴¹⁵ Hayns-Worthington (2019). 'Wiltshire Council sets up own commercial housing development company'
<https://www.swindonadvertiser.co.uk/news/17361066.wiltshire-council-sets-up-own-commercial-housing-development-company/>

councils, tensions were recorded. We also heard that in some councils planning officers were reluctant to refuse the planning applications made by the council's company and have put them to the bottom of the pile hoping that the delay would open renegotiation of the scheme.

Case study: Spelthorne District Council

Spelthorne District Council has been one of the councils leading investment in property to support council services. The council needed to generate income to support service delivery as the Government's Revenue Support Grant was completely withdrawn in 2018-19. The council started with the purchase of the BP HQ that was located within its borough area and cost approximately £400m. After paying interest, making annual debt repayments on this loan, and making contributions into sinking fund to build up funds to cover future costs, it provides £4m per annum to the council as income to help fund the provision of services for residents. Since the BP acquisition, the council has expanded its commercial assets portfolio so that it now totals approximately £1 billion in value and generates £10m net income per annum, three quarters of which funds the provision of services and the remaining quarter offsets the upfront revenue costs of its ambitious housing delivery programme. The council has set aside some of the BP income and other commercial income to establish an assets team with private sector experience and to fund a housing policy officer who works closely with the team. The council also has someone specifically to look after the management of their asset portfolio, has had experience as an investment portfolio manager in the City and is returning to work after a career break.

In order to undertake this approach to development and investment, the council considers that it is important to be able to attract staff with right experience. It is developing a mix of schemes which provide revenue but also provide capital investment in order to build up resources. The team is also progressing in a way that it will be able to build up confidence and the council's aspirations to deliver development. There are also other pressures such as the increase in homelessness and the application of the council's responsibilities under the Homelessness Reduction Act 2018 that have encouraged the council to take a more active role in housing provision in their area. Finally, the council considers design is a critical element of all that they do and prefers to undertake the right scheme for the site or building conversion rather than one that will maximise rental or sale returns.

Housing context

Spelthorne's proximity to London brings it a range of housing issues. The council transferred its own housing stock in 1997 to a housing association that subsequently became A2Dominion, which is very much the dominant social housing provider in the area. There are a limited number of registered providers that are active in the area. Until a few years ago, the council was looking at disposing of some of its sites but is now retaining land in its ownership to develop as a means to generate a sustainable income stream. The council now considers sale of its sites as ceding control of what happens to them and that land ownership is the best way of ensuring its preferred delivery outcome. This political shift from disposal to retention of land and actively acquiring more land and buildings has turned the council into a patient investor.

The council has established a wholly owned company, Knowle Green Estates. It is now submitting planning applications and moving forward proposals which over the next five years will deliver more than 600 housing units, across a range of tenures including emergency, affordable, private rental. However, the council, is also mindful of its responsibilities for homelessness and purchased

Harper House in 2016. Here, there are 21 units derived from three adjacent properties and used by the council for temporary accommodation. When Harper House was put on the market the council decided to purchase it, since then undertaking a fire safety review and remedial work. The council also places 60% of homeless people outside the borough and there are annual costs of £0.5m for bed and breakfast places. The council would like to do more on homelessness through their proactive policies on housing. The council is not yet purchasing properties from the secondary market [true at time we met them but since then, Kingston Road, Station Road. Cranford Road...], but they are considering the development of hostels with part funding from Homes England. Overall, the council is considering this type of scheme on a project by project basis.

After Harper House, the council's next acquisition was The Bugle – a pub in the Green Belt which was being used as a gentleman's club. This was purchased by the council and converted into eight homes. The council could have redeveloped the building to obtain more units but decided to retain it as a local landmark building. The council is also using PD to convert an office building into 55 homes together with 30 homes in the grounds. They are also developing another small site for 3x2 bedroom homes. The council's experience in the Harper House and the Bugle projects was challenging and these schemes pulled in resources. There were also some tensions between planning and housing team objectives in respect of the planning applications, but both are recognised as having a role to deliver housing.

Planning context

The Council is currently reviewing its local plan⁴¹⁶. As part of its Issues and Options consultation in summer 2018, the council put forward four possible options for the location of development growth:

- Option 1 - Brownfield Focus: Aim to meet all our needs for housing, including affordable housing and Gypsy and Traveller pitches, employment and other development in the urban area without amending Green Belt boundaries by significantly increasing densities.
- Option 2 - Green Belt Focus: Amending the Green Belt boundary significantly to meet our housing and employment need
- Option 3 - Staines Focus: Focus new development opportunities in Staines-upon-Thames by making use of a Master Plan approach, significantly increasing densities in the Staines area, prioritising housing need by allowing employment sites such as offices to be converted or redeveloped for housing.
- Option 4 - Combination: A combination of the above three options by increasing densities in town centres and near transport facilities; releasing some weakly performing Green Belt land for development; making use of a Master Plan approach for Staines but with housing as one of a range of uses within the town.

Option 4 was confirmed as the preferred approach in September 2018 and forms the basis for the council's strategy and policies which will be set out in the draft version of the local plan, known as Preferred Options. An eight-week consultation on this document will take place in autumn 2019.

⁴¹⁶ Spelthorne Borough Council (2019). 'New Local Plan for Spelthorne'
<https://www.spelthorne.gov.uk/localplan>

The council is expecting to directly deliver 600+ homes. This equates to about one full-years supply, based on the housing number for Spelthorne that results from the Government's standardised methodology (603 dwellings per year). Where the council has had s106 funding, it has used this to purchase housing rather than develop directly and a main concern remains the quality of what is available and how to achieve this in development.

Current and future approaches to council development

In the future, the council expects to increase the type and range of housing provided including building more affordable homes. It expects to be providing a hostel and more temporary accommodation. There may also be a need for more student accommodation. The council is also considering the provision of key worker housing for teachers and possibly NHS staff. However, the council is considering this carefully as a housing association locally has had difficulties in letting key worker properties. The council is considering a range of options including engaging directly with schools.

In operating its company, the council must behave like a private company but when developing housing, some of this will be let to tenants on the housing register. The Government's removal of the debt cap has led the council to commission a review on whether it would be beneficial to re-establish a Housing Revenue Account. The council's capital strategy⁴¹⁷, published in February 2019, gives a clear timeline of its approaches to development and investment activity. This starts from its commercial investment approach and now looks forward to the priority being given to housing development both on its own land and sites that it is acquiring for this purpose.

The council includes in its capital strategy timeline housing development that is currently underway including 25 homes being provided through the conversion of the West wing of the council's offices. The council is also looking at other opportunities for town centre redevelopment to provide housing. In its capital strategy, the council is careful to explain that it is making infrastructure contributions in the same way as other developers in the planning process. In order to achieve its housing objectives, the council is also considering widening the scope of its approaches and is exploring establishing joint ventures. Finally, the council also demonstrates its commitments to other capital projects such as a new leisure centre and a light rail system to Heathrow.

Findings

The approaches being taken in Spelthorne to using the council's development or property company are typical across much of England. They show that progress is being made from smaller schemes to larger ones and that efforts to work with partners are also being undertaken. It is also clear from the case study that the role of the company may be to generate income but there is also an increasing focus on local problem solving in providing housing for the homeless or those in special need. It is clear that while there is an expectation that local authorities might be outbid for land that it to be used for market housing, councils are also being outbid for land when there is a possibility of student or extra care housing being developed by the private sector.

⁴¹⁷ Spelthorne Borough Council (2018). 'Capital Strategy'
<http://democracy.spelthorne.gov.uk/documents/s18941/A%20-%20Spelthorne%20Capital%20Strategy%20-%20Executive%20Summary.pdf>

There has been evidence in relation to the planning process where the authority is the developer from several of our case studies. In summary, our key findings are:

- When local authorities establish housing or development companies, they start with smaller schemes and gradually move to larger ones;
- The focus of local authority housing activity is mixed including generating income but increasingly focusing on delivering for special need groups and social rent;
- A number of councils are investigating delivering key worker housing for teachers and NHS staff who cannot find homes near their place of work;
- Meeting the needs of the homeless is rising up the local authority agenda for direct delivery of housing not least given their responsibilities under the Homelessness Reduction Act 2018;
- Where local authorities are the applicant, there can be raised expectations from the public about the influence they should be able to have over schemes;
- Local authorities may, like any applicants, have their own commercial sensitivities around putting information into the public domain, but a proactive approach to community engagement is likely to be expected and help prevent issues;
- As local authorities become engaged in larger schemes, they may increasingly find themselves as the applicant in more locally controversial developments. This will require careful management;
- Local authorities need to avoid any conflict between corporate priorities to deliver housing and their decision-making role as local planning authorities. Such conflict can be avoided by use of a PPA setting out expected timeframes and relationships; and
- Local authorities should (and usually do) submit policy compliant schemes where they are the developer so as to act as a model to private developers and reinforce their plan policies.

Issue 10: The changing perception of quality as a motivation for local authority involvement

There are three main issues in relation to the perception of quality of housing developed by private sector developers. The first issue is a concern about the design of the dwelling and how this relates to the expected users. The second is concerned with the space standards inside the dwelling and the context of the development in the shared external spaces. The last issue is the level of finish achieved in the dwelling in terms of the quality of the finishes that are achieved at the point of handover. These three issues are interconnected but will be considered separately here before being brought together in a discussion at the end.

In the surveys of local authorities undertaken in 2017 and 2018, quality was identified in both as a motivation for councils to engage in the direct delivery of housing. In 2017, this was demonstrated through the roundtables that were held and some of the case studies that were reported. In the survey undertaken in the same way a year later, design has moved up the list of motivations to become joint third in prompting local authorities to engage in housing delivery. At the local authority roundtables held in 2017 and 2019, councils indicated that the issues in relation to design related to external appearance, siting, public areas, internal layout, room sizes and quality of finish. These local authorities citing this as one of their motivations to get involved stated that they were concerned about the contribution of these dwellings to overall placemaking. There is an increasing likelihood of these apartments ever being used as permanent homes rather than as short lets or buy to rent investments, where their experience suggested the residents took little care of the properties and the surrounding areas.

There are also issues about the quality of new build homes at the point at which they are handed over to their purchasers. Reports of faults in plumbing, windows cracking, and other faults have been reported⁴¹⁸. *The Guardian* has reported on a Bovis Homes Facebook group with 4,000 members who have all listed a range of problems with their new properties⁴¹⁹. In a survey undertaken by an insurance group in 2018, 24% of respondents reported that they considered purchasing a new home that quality was a concern⁴²⁰. This survey also showed that 26% of people said that new homes lacked character while 21% were concerned about room sizes.

In order to improve quality, local authorities are undertaking several initiatives. The first is in the quality of its build as shown in the 2017 report through the work of North Kesteven. Other councils are also beginning to win awards for their developments built by their own companies. Secondly, local authorities are establishing design completions⁴²¹.

When considering space standards, the London Plan has included these⁴²². Elsewhere local

⁴¹⁸ Bearne (2018). 'Is there a crisis of quality in new-build homes?'

<https://www.theguardian.com/money/2018/nov/17/quality-build-homes-charles-church-buyers>

⁴¹⁹ Kollwe (2018). 'Bovis Homes: some buyers say their problems continue'

<https://www.theguardian.com/money/2018/nov/17/bovis-homes-buyers-problems-quality>

⁴²⁰ PBC Today (2018). 'Survey reveals concerns about the quality of new build homes'

<https://www.pbctoday.co.uk/news/planning-construction-news/quality-new-build-homes/44436/>

⁴²¹ Architects' journal (2018). 'Sponsored competition: Croydon launches major Fair Field design contest'

<https://www.architectsjournal.co.uk/story.aspx?storyCode=10037905>

⁴²² GLA (2015). 'Policy 3.5 Quality and design of housing developments' <https://www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan/london-plan-chapter-3/policy-35-quality-and>

authorities are including a confirmation of national space standards in their local plans such as that for the joint plan for North Northamptonshire⁴²³. Here the constituent local authorities are refusing developments with low space standards and some are winning appeals against developments where poor space standards are included⁴²⁴. Other councils with similar policies include Rushmoor⁴²⁵ and those winning appeals against development proposals for room sizes smaller than nationally described space standards include Brighton and Hove Council^{426, 427}.

The Government has also recognised that the public is concerned with the quality of development that is being built. It is attempting to promote good design and space standards through the planning system⁴²⁸. It adopted the Nationally Described Space Standards (NDSS) in 2015⁴²⁹ and following a review, required minimum room sizes in rented accommodation⁴³⁰. However, there were doubts expressed as to whether these can really be required through the planning system⁴³¹. As Andrew Whittaker of the Home Builders Federation (HBF) has set out, there are also numerous hurdles in the way local authorities are implementing these standards in practice⁴³². The HBF has also objected to the adoption of lifetime home space standards in 15 local plans for lack of evidence on need. NDSS can only be applied where the local authority has a local plan and cannot be used to prevent housing development that is implemented using permitted development rights such as schemes for offices to be used as residential accommodation⁴³³. As one of the councils receiving an HBF objection of space standards⁴³⁴, Plymouth has also indicated that room sizes below nationally described space standards in both market and affordable homes is evidence for their approach to adopting space standards and has been included by the inspector as a major

⁴²³ North Northamptonshire Joint Planning Unit (2016). 'North Northamptonshire Joint Core Strategy 2011-2031' http://www.nnjpdu.org.uk/site/assets/files/1086/joint_core_strategy_2011-2031_september16_final.pdf

⁴²⁴ Merrett (2016). 'Appeal Decision' <https://shropshire.gov.uk/committee-services/documents/s12928/Appeal%20Decision%202015-00614-FUL.pdf>

⁴²⁵ Rushmoor Borough Council (2018). 'Topic Paper 13: Internal Space Standards' <https://www.rushmoor.gov.uk/CHttpHandler.ashx?id=18679&p=0>

⁴²⁶ Parker (2016). 'Appeal Decisions' [https://phantom.brighton-hove.gov.uk/Published/C00000118/M00006124/AI00055849/\\$9Decision.pdfA.ps.pdf](https://phantom.brighton-hove.gov.uk/Published/C00000118/M00006124/AI00055849/$9Decision.pdfA.ps.pdf)

⁴²⁷ 'Plymouth City Council (2019). Plymouth and South West Devon Joint Local Plan: Inspectors' Final Report'

<https://www.plymouth.gov.uk/plymouthandsouthwestdevonjointlocalplan/plymouthandsouthwestdevonjointlocalplaninspectorsfinalreport>

⁴²⁸ House of Commons Library (2017). 'New housing design'

<https://researchbriefings.parliament.uk/ResearchBriefing/Summary/CDP-2017-0153>

⁴²⁹ MHCLG (2015). 'Technical housing standards – nationally described space standard' <https://www.gov.uk/government/publications/technical-housing-standards-nationally-described-space-standard>

⁴³⁰ Designing Buildings (2018). 'Technical housing standards - nationally described space standard' https://www.designingbuildings.co.uk/wiki/Technical_housing_standards_-_nationally_described_space_standard

⁴³¹ New Home Expert (2015). 'New National Space Standards For New Homes Not Compulsory' <http://www.new-home-blog.co.uk/new-national-space-standards-for-new-homes-not-enforcable/>

⁴³² Whitaker (2017). 'Housing space standards: imposing requirements' https://www.isurv.com/info/390/features/11130/housing_space_standards_imposing_requirements

⁴³³ Clifford et al. (2018). 'Impact of extending development rights to office-to-residential change' <https://www.rics.org/uk/news-insight/research/research-reports/assessing-the-impacts-of-extending-permitted-development-rights-to-office-to-residential-change-of-use-in-england/>

⁴³⁴ Plymouth City Council (2017). 'Plymouth & South West Devon Joint Local Plan Pre Submission Consultation' https://www.hbf.co.uk/documents/7212/Plymouth_South_West_Devon_Joint_Local_Plan_pre_submission_consultation_26_April_2017.pdf

modification in their local plan examination report shifting to a location within the plan rather than as an SPD. Other councils such as Waverley and Gateshead have prepared a separate topic paper or supplementary evidence on space standards⁴³⁵.

Developers are aware of the concerns that the public and local authorities have about the quality of their housing⁴³⁶. Some developers have attracted attention for their failure to address quality issues in their housebuilding. Persimmon has been criticised for poor design and standards of finish and as a result it has been threatened to be removed from the Government's Help to Buy scheme⁴³⁷ and this is within the context that Persimmon is the first housing development company to report £1bn profits.

There are further issues in relation to construction after the Grenfell Tower fire that are also concerns for local authorities. Tower Hamlets has become the first local authority to serve an improvement notice on a private housing block to require the owners to remove aluminium cladding⁴³⁸.

These issues of quality in construction are also apparent in housing associations where there are reported to be high-levels of snagging on new property handover. L&Q are reported to have rejected 200 units from contractors in a design and build contract for not being built to an acceptable standard⁴³⁹.

The role of NDSS in local plans and SPDs

Several local authorities have included the Nationally Designated Space Standards (NDSS) in their local plans and through SPDs. These include Ashford Borough Council⁴⁴⁰, the London Plan⁴⁴¹,

⁴³⁵ Waverley Borough Council (2018). 'Space Standards Topic Paper' http://www.waverley.gov.uk/download/downloads/id/6091/space_standards_lpp2_topic_paper.pdf ; Gateshead Council (2018). 'Making Spaces for Growing Spaces - Nationally Described Spacing Standards - Supplementary Evidence Report' https://www.gateshead.gov.uk/media/10052/Nationally-Described-Spacing-Standards-Supplementary-Evidence-Framework-Sept-2018/pdf/Spacing_Standards_Supplementary_Evidence_Framework_Sept_2018.pdf?m=636741624976570000

⁴³⁶ McWilliam (2019). 'Developers aren't the enemy, but they must do more to win over the public' https://www.architectsjournal.co.uk/opinion/developers-arent-the-enemy-but-they-must-do-more-to-win-over-the-public/10040706.article?utm_medium=Social&utm_source=Twitter#Echobox=1552630673

⁴³⁷ Clarence-Smith, Ellson and Wright (2019). 'Persimmon faces loss of Help to Buy homes contract' <https://www.thetimes.co.uk/article/persimmon-faces-loss-of-help-to-buy-house-contract-nlrq02q7h> ; Neate and Monaghan (2018). 'Persimmon boss asked to leave amid outrage over bonus' <https://www.theguardian.com/business/2018/nov/07/persimmon-boss-asked-to-leave-amid-ongoing-outrage-over-bonus>

⁴³⁸ Simpson (2019). 'East London borough to make first use of cladding enforcement powers' https://www.insidehousing.co.uk/news/east-london-borough-to-make-first-use-of-cladding-enforcement-powers-60225?utm_source=Ocean%20Media%20Group&utm_medium=email&utm_campaign=10304098_IH-DAILY-19-2-2019-GR&dm_i=1HH2,64UOY,UO7QB6,O45MJ,1

⁴³⁹ Apps (2019). 'L&Q rejected more than 200 homes from contractors due to quality concerns' <https://www.insidehousing.co.uk/news/news/lq-rejected-more-than-200-homes-from-contractors-due-to-quality-concerns-60068>

⁴⁴⁰ Ashford Borough Council (2011). 'Residential Space and Layout SPD' <https://www.ashford.gov.uk/planning-and-building-control/planning-policy/adopted-development-plan-documents/supplementary-planning-documents/residential-space-and-layout-spd/>

⁴⁴¹ GLA (2015). 'Policy 3.5 Quality and design of housing developments' <https://www.london.gov.uk/what-we-do/planning/london-plan/current-london-plan/london-plan-chapter-3/policy-35-quality-and>

Cotswold District Council⁴⁴², North Somerset Unitary Authority⁴⁴³, Lewes/Eastbourne District Councils⁴⁴⁴, Hart District Council⁴⁴⁵, Leeds Metropolitan Borough⁴⁴⁶, West Suffolk District Councils⁴⁴⁷ and Lancaster District Council⁴⁴⁸. At present, these space standards only apply to schemes going through planning permission, and do not apply to permitted development schemes requiring only prior approval, leading to a quantum of very small housing.⁴⁴⁹

Density

One issue that has emerged in the discussion about quality in the provision of housing is that of density which is being increased in urban areas. There was interest in an SPD prepared by the London Borough of Croydon on design approaches. It is increasing density within suburban areas (mentioned above within the Croydon case study). There has also been concern expressed about external space standards where density has been increased and the absence of external space standards in developments which have been delivered using PD rights that have turned offices into residential accommodation.

There have also been concerns about the relationship between design and modern methods of construction (MMC). It has been indicated that traditional methods of construction can only provide 100,000 homes a year and while not all private sector homes are using MMC, increasing proportions of development are using at least some factory-built components. One of the major concerns about MMC was the quality of design and the individuality that can be achieved. While some local authorities are the roundtables for this study were considering ways of using and promoting MMC, there were others that were not convinced that this approach would provide quality development for their areas.

Design and delivery skills

During the course of this research, concerns have been expressed by the private sector at the lack

⁴⁴² Cotswold District Council (2017). 'Nationally Described Space Standards Evidence Paper' <https://www.cotswold.gov.uk/media/1624820/3104-Nationally-Described-Space-Standards-Evidence-Paper-%E2%80%93-Mar-2017.pdf>

⁴⁴³ North Somerset Council (2015). 'ED16: Explanatory note on access and space standards.' <https://www.n-somerset.gov.uk/wp-content/uploads/2016/02/ED16-note-on-access-and-space-standards-October-2015.pdf>

⁴⁴⁴ Lewes and Eastbourne Councils (2017). 'Affordable Housing Supplementary Planning Document (SPD)' <http://democracy.lewes-eastbourne.gov.uk/documents/s6188/Affordable%20Housing%20Supplementary%20Planning%20Document.pdf>

⁴⁴⁵ Hart District Council (2015). 'Hart Local Plan: Strategy and Sites 2016 – 2032 Topic Paper: Internal Space Standards for New Homes' https://www.hart.gov.uk/sites/default/files/4_The_Council/Policies_and_published_documents/Planning_policy/Local_Plan/Topic%20Paper%20-%20Internal%20Space%20Standards%20for%20New%20Homes.pdf

⁴⁴⁶ Leeds City Council (2018). 'Core Strategy Selective Review: Dwelling size measurement exercise' <https://www.leeds.gov.uk/Local%20Plans/Publication%20Draft%20Plan%20Supporting%20Documents/10.Permitted%20Dwelling%20Size%20Measurement%20Exercise%202017.pdf>

⁴⁴⁷ West Suffolk Council (2015). 'Technical Advice Note: Space Standards for Residential Development' https://www.westsuffolk.gov.uk/planning/Planning_Policies/upload/171205-Space-Standards-at-Dec-2017-for-West-Suffolk-FINAL-clean-version.pdf

⁴⁴⁸ Lancaster City Council (2018). 'A Local Plan for Lancaster District 2011-2031' <http://www.lancaster.gov.uk/assets/attach/4403/Background%20Paper%20-%20Housing%20Standards%20FINAL.pdf>

⁴⁴⁹ Clifford et al. (2018). 'Impact of extending development rights to office-to-residential change' <https://www.rics.org/uk/news-insight/research/research-reports/assessing-the-impacts-of-extending-permitted-development-rights-to-office-to-residential-change-of-use-in-england/>

of skilled planners who are experienced in their own locality in local authorities. Others have pointed out that this issue is related to relative pay levels between the public and private sector and that this issue will not be resolved until higher salaries can be provided. These higher salaries may need to be funded through the introduction of higher planning fees.

SDG 11 The New Urban Agenda

As part of the United Nation's Sustainable Development Goals (SDG) to which the UK has signed up. SDG 11 for The New Urban Agenda is committed to creating better places with a focus on wellbeing and this is being promoted by the Royal Institute of British Architects. They are arguing that housing is part of urban infrastructure and it is important to regard it as an integrated part of the quality of places. The Royal Institute of British Architects considers that in improving the quality of design is important to empower the consumer, by improving the range and choice, showing development and providing proper redress for the quality of housing once delivered. They also take the view that housing provided through permitted development is not appropriately planned and integrated and should be stopped.

Evidence from the research roundtables

Design is an important issue that was mentioned in a number of roundtables. In some councils, concern was expressed about the quality of design in homes being delivered by the private sector. Elsewhere, local authorities expressed a concern that their own properties should be of good design. In Taunton Deane District Council, where the council, is building new homes through the Housing Revenue Account, community representatives are part of the council's design group.

Case Study: Hartlepool Borough Council

Policy context

Hartlepool Borough Council's plan 2017-2020 does not include housing as one of its top six priorities⁴⁵⁰ but housing is a contributor to one of the main objectives, i.e. making Hartlepool a great place to live. The council considers that it will be a successful place if there is a balanced and attractive housing market and a range of affordable properties to buy and rent.

The council's housing strategy⁴⁵¹ 2015-2020 has a number of priority outcomes:

- Delivering suitable new homes, including affordable homes and older person accommodation;
- Making the best use of existing homes; improving quality, conditions and the environment;
- Bringing long-term empty homes back into use;
- Improving health and wellbeing; promoting sustainability by supporting people with specific housing needs;
- Preventing homelessness and providing options.

The council makes an important link between housing and health, homelessness, education and the economy. In its housing needs assessment, there are requirements for larger market housing

⁴⁵⁰ Hartlepool Borough Council (2017). 'Council Plan 2017 - 2020'

https://www.hartlepool.gov.uk/info/20004/council_and_democracy/693/council_plan_2017_-_2020

⁴⁵¹ Hartlepool Borough Council (2015). 'Housing Strategy 2015 - 2020'

https://www.hartlepool.gov.uk/download/downloads/id/956/housing_strategy_2015_-_2020.pdf

and bungalows. The 2015 housing strategy noted that the council had delivered 151 affordable houses delivered over the last four years (at start of strategy). The council also states that ‘Despite the current housing market situation, house building in the borough has continued at around 300 net additional dwellings each year. However, this has been primarily due to the success of publicly-funded housing developments supporting ongoing private development.’ The Housing Strategy is accompanied by an action plan⁴⁵² for 2015-2020 and divided into the same themes as the housing strategy. This strategy is largely dependent on planning for delivery through private sector and registered providers. The council’s own role is identified as a potential provided to be investigated. The action plan includes a reference to space standards to ‘encourage greater space standards in the private sector.’ The council has a joint venture for waterside regeneration⁴⁵³ and the masterplan includes housing⁴⁵⁴. The council’s own monitoring data show that net housing completions for 2014/15-2018/19 were 1,728, of which 184 were affordable.

The council’s local plan was adopted in May 2018^{455 456}. The plan does not include a policy on NDSS although there is a policy on design (QP4). The council’s Residential Design SPD was out to consultation in November 2018⁴⁵⁷ and does include a discussion about the size of new dwellings and references the space standards as an example of best practice, encouraging developers to consider it in the design of new development. The SPD is due to be adopted by the council in September 2019.

Context from interview

Hartlepool has an objectively assessed need of 290 units per annum. There is a five-year housing land supply without issue at present, however build out rates on allocated sites are currently very slow and are likely to put additional pressure on how to find new sites in the shorter term if the larger strategic sites do not begin to deliver at the anticipated rates.

There is a large stock of early 1900s terraced housing, some of which used to be subject to Housing Market Renewal initiatives. The local authority believes 3,250 properties need renewal, but 1,900 have been identified as a priority in the local plan.⁴⁵⁸ There have been efforts at demolition and renewal of some of this unfit housing stock in collaboration with housing associations and directly by the local authority (over 1,200 properties demolished and over 600 new homes built to replace them), but there is now a lack of funding for this. A large number of

⁴⁵² Hartlepool Borough Council (2015). ‘Housing Strategy 2015 - 2020 Action Plan’
https://www.hartlepool.gov.uk/downloads/file/957/housing_strategy_2015_-_2020_action_plan

⁴⁵³ Hartlepool Borough Council (2018). ‘Major boost for waterfront regeneration’
https://www.hartlepool.gov.uk/news/article/1119/major_boost_for_waterfront_regeneration

⁴⁵⁴ Hartlepool Borough Council (2015). ‘Hartlepool Regeneration Masterplan Final’
https://www.hartlepool.gov.uk/downloads/file/1932/hartlepool_regeneration_masterplan_finalpdf

⁴⁵⁵ Hartlepool Borough Council (2018). ‘Hartlepool Local Plan’
https://www.hartlepool.gov.uk/download/downloads/id/4393/hartlepool_local_plan_-_adopted_may_2018pdf.pdf

⁴⁵⁶ Spencer (2018). ‘Report to Hartlepool Borough Council’
https://www.hartlepool.gov.uk/download/downloads/id/4170/ex_ins_49_-_inspector_s_final_report_pdf.pdf

⁴⁵⁷ Hartlepool Borough Council (2018). ‘Residential Design SPD - Consultation Draft’
https://www.hartlepool.gov.uk/download/downloads/id/4776/residential_design_spd_-_consultation_draft_-_november_2018.pdf

⁴⁵⁸ Hartlepool Borough Council (2017). ‘Local Plan: Housing Demolitions and Replacements Evidence Document’
https://www.hartlepool.gov.uk/download/downloads/id/3394/ex_hbc_62_final_demolitions_and_replacements_evidence_paper_-_aug_2017pdf.pdf

older terraced properties are now vacant. The 2018 local plan discusses the continued need for 'housing market renewal' and that compulsory purchase orders will be actively considered.⁴⁵⁹

Members did not adopt the Hartlepool local plan approved in 2012-13, and much piecemeal development followed. A new plan was therefore drawn-up in 2017 and adopted in May 2018. This plan is pro-growth. Whilst there are some vacant older terraced properties, there are executive homes being built on the edge of the borough at Wynyard. This development has already made about £3million in s106 contributions towards affordable housing provision offsite, in the town centre, with about another £2million expected.

Some of this has been used to buy empty properties and return them to use. The local authority has been purchasing properties with s106 monies and looking to manage them directly, hence they reopened a Housing Revenue Account, having previously transferred stock. There are now 280 properties under their Housing Revenue Account. As well as old terraced houses needing refurbishment, the council is also buying new builds on private development sites and purchasing former Right to Buys as well to help diversify the portfolio of property it holds.

The *Planning Obligations Supplementary Planning Document* sets an expectation that sites over 15 units will give an 18% affordable housing contribution⁴⁶⁰. This follows the need identified in the 2012 Tees Valley SHMA and 2015 Hartlepool SHMA, which recommend a 70:30 split between social rented and intermediate tenure properties. The SPD notes that the 2015 SHMA 'identified the net imbalance in affordable housing as 144 per year. Set against the baseline for total housing need of 325 identified in the SHMA, this equates to 44%' (2015: 14), however the viability context does not allow them to ask for more than 18%. There is a policy for affordable dwellings to be fully integrated within new sites.

The 18% affordable housing contribution policy seems to match what is being achieved in practice, but viability factors can always alter this. At the proposed South West Extension (which was given planning permission 2.5 years ago but is still not being built), the agreed s106 was only for 11% of units to be on-site affordable units as the site needed a new access road, a primary school and significant green space provision including a number of new football pitches and including these reduced the amount of affordable housing that could be secured.

Another large site to the west of Hartlepool can only be developed if there is a new road and grade separated junction on the A19. This will cost £18million in total, and Highways England will not fund it, so £12,000 per dwelling has been secured through the legal agreement which, along with the same level of contributions from a number of other developments totalling a further 300 new homes, will ensure that £18m is secured from the developments. The legal agreements have however been drafted in a flexible manner which allows some of the £18m to be redirected into other areas (such as affordable housing or education) should any grant funding be secured towards the provision of the bypass. At present £8m has been secured which will be re-directed and ensure some affordable housing provision is delivered within the borough as a result of these developments.

⁴⁵⁹ Hartlepool Borough Council (2018). 'Hartlepool Local Plan 2018'
https://www.hartlepool.gov.uk/downloads/download/101/01_hartlepool_local_plan_2018

⁴⁶⁰ Hartlepool Borough Council (2015). 'Planning Obligations SPD'
https://www.hartlepool.gov.uk/downloads/file/907/planning_obligations_spd_nov_2015

Residential design

Viability constraints can impact not just the delivery of affordable housing, but also design quality. Decision making often involves weighing up the desire to see housing built and meet housing delivery targets as a priority and sometimes residential design quality can be compromised through viability and other issues such as the need for affordable housing taking precedent.

Hartlepool consulted on a residential design SPD earlier this year.⁴⁶¹ As the local plan does not include a policy for the nationally described space standards, they cannot include these in the SPD (many developers objected to the SPD making it a requirement during the consultation) but suggest them in an advisory capacity. Many recent new builds do not meet these space standards, with bedroom sizes a common issue (there's a tendency to have a very large main bedroom then the other bedrooms being too small). About 30% of the units built in Hartlepool in recent years meet the national space standards. Registered providers have raised concerns over the size of the properties they are being offered on housing schemes and have on occasions not taken on the properties because they did not meet the size standards they would expect to see for an affordable property. Where the council has used s106 monies and grant money to purchase properties on new developments some residents on the housing waiting list have also turned down properties as they were not perceived to be of an adequate size for their family. Local planners will therefore discuss space standards as part of their one stop pre-application service and will encourage developers to consider them in the designs of their schemes.

Although space standards are important, so are other elements of residential design. There is a concern about energy efficiency and climate change, and the orientation of buildings and relation to natural daylight. Green space provision and play space are also quite challenging: you might get these on a 1,000 unit site but are much harder to achieve on smaller sites, where developers want to squeeze in as many units as possible (although some good quality green space was achieved at the recent Quarry Farm site, which had just 81 units and also on the Tunstall Farm site which had 110 units).

Standards around open space are set in local planning policy, following an open space assessment which then formed part of the evidence base for the local plan, but developers often ignore this. The number of units achieved is also a high priority not just for developers, but also for the council in terms of new homes bonus payments and council tax income given the prolonged period of austerity measures the council have faced. Again, this income is often prioritised over design issues in development. Permitted development can further undermine the achievement of good quality residential design.

Another important design related issue is the provision of services. At large new sites, these are often delivered towards the end of a scheme. For example, at Wynyard, developments spanning the two local authority areas of Hartlepool and Stockton on Tees will deliver 3,500-4,000 properties, of which 900 have been built so far. The new local centre promised by the developers has not yet been delivered (and is only likely towards the end of the scheme), meaning additional pressure on neighbouring services like GPs exists, and residents have to cross a busy dual carriageway to access shops. A masterplan is currently being prepared jointly by Hartlepool and

⁴⁶¹ Hartlepool Borough Council (2018). 'Residential Design SPD - Consultation Draft'
https://www.hartlepool.gov.uk/download/downloads/id/4776/residential_design_spd_-_consultation_draft_-_november_2018.pdf

Stockton to help bring forward a sustainable development, ensuring infrastructure and community facilities are delivered in a timely manner.

The topics covered by the Residential Design SPD include advice on:

- Amenity space;
- Daylight, sunlight and privacy;
- Car parking and cycle parking.
- Adequate internal space (space standards);
- Sustainable travel;
- Safe access and ease of movement;
- Local distinctiveness and architectural interest;
- Boundary enclosures;
- Public art;
- Natural surveillance;
- Defensible space;
- Security of dwellings and their curtilage and of parking;
- Safe public spaces and landscaping;
- Good quality public space including play spaces;
- Good quality allotments;
- Street furniture;
- Biodiversity and green space;
- Energy efficiency/solar gain/sustainable materials;
- Waste facilities and efficiency;
- Adaptable homes / dementia design.

The council have, in some cases, threatened or taken enforcement action where schemes delivered do not comply with approved plans. This can often relate to design issues. For example, in one scheme the developer had tarmacked over what was on approved plans as green space. Another did not include a promised footpath to join the new development to an existing neighbourhood.

As well as the residential design SPD, the council have sought to influence design quality by producing masterplans for their big development sites, such as Wynward (as already mentioned). Design principles like connectivity, green space provision, housing standards related to dwelling design will be included.

There has been some concern locally that registered providers are becoming more commercial and focused on market housing and this has led to fears that development may go elsewhere meaning funding not coming into the borough. In the past, higher-quality design (space standards, open space, lifetime home standards) were seen with registered providers but it remains to be seen if these are maintained for private sales developments.

A partnership between the council and Manchester based 'Placefirst', saw 170 empty and derelict

Victorian terrace properties at a site at Carr and Hopps Streets within the town refurbished and now being rented again. Housing Market Renewal Funding money was used to help buy the properties in the first place. The scheme, which includes green space and a high-quality design, has been named winner of the Residential Property category at the RICS North East Awards 2019 and has recently won the National Planning Award for Regeneration. Further schemes like this would be dependent on funding constraints but do appear to show how good quality refurbishment can bring people back to the historic terraced housing.

Council as developer

The council is currently considering whether they could act as a developer directly for some council owned sites but are concerned about a lack of skills in-house to do this. However, a number of neighbouring authorities do have council-owned companies and are doing this already. In the meanwhile, if selling any of their land to private sector developers, the council is asking if the developer will build some homes for the authority as part of the development. For example, at two Persimmon development sites, the council has brought 12 new homes for affordable housing and whilst in good areas, the small size of these properties have made them harder to place tenants in.

For the moment, the local authority is selling its land to other developers, albeit their land ownings are slim compared to some other authorities (including some green space which they do not want to see developed). In the past they have just gifted council sites to registered providers for affordable housing. They have explored a joint venture but feel these can be complex in themselves, with a lot of legal work and capacity still required. The next option to explore is the authority developing sites itself and the authority are considering a number of options for this.

In terms of the council acting as a developer, the council is keen to develop sites and has identified two sites in their ownership as a potential starting point (five units on one site and 12 units on the other). They would only deliver policy compliant schemes (including developing in line with the Nationally Designated Space Standards despite these not being a pre-requirement) on these, albeit there is some potential tension within the council between aims for delivering housing development, acting as a demonstrator for design quality, and maximising capital receipts.

Hartlepool have also acted as developer for some student accommodation, purchasing a historic and under-utilised building in the town centre and converting it. This is now fully let for September 2019, with students for the Northern School of Art. This is out with the Housing Revenue Account, but is managed by the same team, and given its success the council may do more student accommodation. They have also sought to retain young people in Hartlepool through investing in public realm improvements in the town centre and supporting the redevelopment of the FE College. There is an 'innovation and skills quarter' identified in the local plan and student housing will be an integral element of this sector. There will also be a new film studio in an old council bus depot which will be one of the largest facilities in the country helping to attract inward investment but also to help to retain students as they come through the education system.

Overall, austerity and funding issues are challenging, particularly with the stock of historic terraced housing in need of regeneration. Building outside the town does little to address this, and indeed potentially acts as a population drain to newer housing developments whilst leaving the poor-quality legacy housing within the town. The council is, however, trying all it can to address this, and a joined-up approach is aided by the same team working on planning policy and housing strategy.

Findings

As noted earlier, design of housing has become an increasingly important issue for local authorities in relation to the provision of housing. They are concerned at the quality of private sector developments, including their room sizes, external space and quality of finish in the build out. Local authorities are developing directly to demonstrate that a better designed and completed homes can be more attractive on the market. They will also contribute to placemaking and provide a legacy of housing that is fit for purpose.

In summary our key findings are:

- Standards matter in the design and delivery of housing and setting these in the local plan is important to manage developer expectations;
- Nationally described space standards should be included in local plans if local authorities are concerned about the internal quality of homes being built in their areas since space standards are often key to people's use and experience of housing;
- The adoption of a wider range of standards including for access, public and communal area, recycling, walking, cycling, access to specific services such as schools, health services, bus stops, green space, electric charging points all need to be included in the local plan if local authorities want placemaking as an outcome from planning applications. With adopted standards, planning applications can immediately demonstrate their conformity to them. Without them, then standards will always be a negotiation and there is no certainty that they will be provided; and
- Local authorities can act as models for the feasibility and positive impact of well designed, good quality housing through their own direct development of housing.

Issue 11: Relationships

One of the issues that has emerged strongly through both the roundtables and the case studies has been that of relationships and how their management is supporting housing delivery across all types of providers. In the case studies, we have seen the importance of the way in which local authorities are working both within their councils and with external agencies and providers, are fundamental to the achievement of housing delivery. We have therefore decided that it is worthwhile including this evidence as a separate section in this report and also having a further case study interview with Doncaster Metropolitan Borough Council who made a strong contribution on the role of relationships at the Yorkshire and Humberside roundtable. In this section we are going to consider these approaches to working relationships in two ways – within the council and outside.

Working relationships within the council

Across the country, as we undertook this research, we were interested to note how corporate many of the local plans are becoming and central to the strategic priorities for the council. In particular housing delivery is mentioned frequently as a significant corporate objective alongside others such as the provision of infrastructure and other local priorities. This strategic priority for housing may be in the corporate plan, the sustainable community strategy or the annual programme. Councils are increasingly engaged in housing as a strategic priority for a number of reasons as indicated earlier in the report – a political recognition of the need to provide housing, meeting homelessness not least since all councils have received more responsibilities in the Homelessness Reduction Act 2018 and generating income.

A further concern is now being expressed about the quality of housing being delivered in their areas. There are also increasing concerns about the type and tenure of housing provided by the private sector and the mismatch between what can be promoted through the local plan and that which is identified as needs based housing in the housing strategy. In finance, councils are now preparing capital strategies which are making them consider their assets in more detail. In the local authority survey, we found that of those councils engaged in direct delivery of housing, 95% were building on their own land, and this has been a major outcome of council's holding a strategic housing objective. We have been told that many councils had only been considering land considered suitable for housing or held in housing accounts but through One Public Estate and new land ownership data realised that the council owns many more sites that may be suitable for housing including self-build. Councils are reviewing all these sites systematically.

The ways in which this more strategic approach has been promoted has been through a variety of means including a banner over the reception area of South Lakeland council and the Plymouth Plan for Homes for example. In Bristol, this housing delivery approach goes across the whole council where a housing delivery team and a housing delivery board have been established to monitor and support delivery of housing on all sites identified within the city – including public and private. In Plymouth, similar internal arrangements have been established together with what might be described as a 'customer management relations' system for each site where all matters relating to that site are recorded wherever they occur across the council, with the same approach being applied though planning monitoring within South Lakeland. In Plymouth, each site has a specific officer responsible for it and the same is the case in Doncaster, which is discussed in more detail

below as a case study. This intensive monitoring of activity is used proactively to promote interventions of funding for infrastructure or site works as in Plymouth and Bristol or to make applications for funding from Homes England.

The housing delivery teams are also composed of housing and planning officers, development surveyors and in some locations have access to legal and design advice. This single team approach is being used in the London Boroughs of Tower Hamlets and Hackney. In Tower Hamlets, the development team appraise all potential schemes and these are eventually channelled into one of four delivery vehicles – the Housing Revenue Account, the council's company, a community interest company and a community benefits society. In Hackney, there may be some sharing of the resources with other London Boroughs underway. These teams have taken a few years to build up and offer a significant combined approach. Elsewhere we have found an increasing practice of combining the role as head of housing strategy with that of head of planning policy or the head of housing strategy with that of the head of planning. At some roundtables, this was mentioned as an outcome of austerity but one where this joint working has become significant. In South Lakeland, the ability not only to monitor housing delivery but also to intervene directly in housing provision through property acquisition has enabled the council to meet its annual planning targets.

In addition to the housing delivery team, these councils also have a housing delivery board where councillors and sometime other partners meet frequently to review delivery of all sites. This housing delivery approach is also associated with interventions both in the use of funding to support delivery but also through pro-active monitoring of sites allocated for development. In councils such as Plymouth, a failure to deliver the proposed housing or make any start to do so can lead to sites being dropped to the bottom of the allocations list as they are helping the council meet its delivery requirements. Other councils are reporting taking the same approach which has been supported through the provision of the revised NPPF (2019) deliverability test.

Working relationships outside the council

In addition to the working relationships inside the council, many of those councils focussed on delivery have set up housing delivery groups for all engaged in housing delivery across the local authority. This may include registered providers, charities, voluntary bodies, private landlords, developers, utilities and other infrastructure providers. The councils using this approach have described these groups as offering a means of providing two-way conversations. The housing providers can make their views known about delivery issues in a regular basis and the council can be clear about its own approach to delivery and what it is expecting from providers. These groups may be difficult to establish in some local authority areas as there are some with no registered provider activity and no developers wishing to build.

Case study: Doncaster Borough Council

Using relationships to improve delivery and consider making changes in the last few years that have had considerable impact on delivery in comparison with neighbouring local authority Rotherham. This has been helpful at all stages in the planning process including the local plan and development management. We were interested to learn more about the approach that has been adopted in Doncaster, which is part of the Sheffield City Region and also has a directly elected mayor as in Salford and Bristol. The council described its direct approaches to working with

developers that have been implemented recently and we were interested to know what changes it had brought in housing delivery.

Housing and planning approach

There is a concern in Doncaster to support the development of housing and there is a recognition that although housing land may be cheaper than elsewhere, construction costs are the same. In order to promote and deliver housing, the council is partnering with developers in a variety of ways and building relationships with them directly. The council is being selective about this and wants to work with what they define as quality developers. In order to get this underway, the council held an event for all those involved in housing delivery in Doncaster and there were 200 attendees. The council was making an offer to potential developers to work with them directly in the provision of sites and place making but also in the approach from development management. Following this, the council has had 30-40 follow-up meetings with individual developers and discussed individual sites in the local plan. In these meetings, as well as developing a supportive planning relationship, the council also wanted to identify what would help the developer to get on site and then to deliver. The council also set up a feedback mechanism with the Chamber of Commerce which led to the establishment of key account holder relationships in the investment team with developers and this has now been extended to the planning team. Now that the Housing Revenue Account debt cap has been removed; the council will be seeking to provide more housing in line with its housing needs survey.

When the council first started this intensive approach with housing developers, it was difficult to achieve the target affordable level of delivery but as more sites are being developed and numbers of completions increase each year, it has been possible to increase the number of affordable homes being delivered. In working with housing associations, the council finds that they are more like developers now and this is also encouraging the council to undertake its own housing schemes. While Doncaster's planning target is for 920 homes per annum, they are now delivering 1,100 and expecting this to increase to 1,300 per annum. The council believes it is due to this intensive relationship approach with developers.

Findings

As many of the case study and roundtable contributions to this study have demonstrated, the role of proactive relationships is a critical factor in housing delivery. These relationships seem to be most effective when they are systematic and embedded within the whole housing and planning delivery system and also part of the council's corporate objectives. Where the council has a regular relationship with housing providers it appears to have a beneficial outcome. At the same time, having political leadership and regular engagement in all housing schemes also appears to have an effect in addressing blockages across the council. Having a multi-disciplinary team and single contacts for each site also provides a means to support delivery. Finally, acting when applicants are slow to deliver or want to flout planning policy also has an effect, but this may depend on the buoyancy of the local housing market.

A summary of the key findings is:

- Relationships matter both inside the council and with outside organisations to support housing delivery;
- A regularly-meeting housing delivery forum is an essential means of working with partners;

- Having a corporate focus on housing delivery within the council is important for success, particularly if this effectively brings together housing and planning strategies;
- Political leadership through the establishment of a housing delivery board provides a constant focus on housing delivery;
- Having a housing delivery team inside the council supports the provision of housing and enables the council to be constantly aware of the housing delivery progress. It enables the allocation of a named officer for each site and provides a focus for action; and
- Keeping common records on each housing site is a means of addressing the issues and dealing with mixed messages.

Issue 12: Small sites

Although not originally identified at the outset of this research, during the course of it we became aware of several instances of issues surrounding small sites and we have set them out here. We did not undertake a case study on small sites issues although they were frequently raised at the research roundtables.

The role of small sites in providing housing may be more topical because the revised NPPF (2019) requires that 10% site allocations should be small sites where a small site is defined as less than 1ha. There is also evidence that shows that build out rates for housing is faster on smaller sites and hence such sites can help local authority meet their housing delivery test. The London Borough of Ealing, for example has prepared a small sites SHLAA⁴⁶² and here the definition that is applied is for sites that are less than 0.25ha or with fewer than 25 dwellings. In the London Borough of Enfield draft local plan, small sites are regarded as a priority for delivery⁴⁶³ with 50% of the borough's housing being expected to be delivered on small sites. The role of small sites in delivery is also active in locations outside London such as in the Central Lincolnshire local plan⁴⁶⁴ and in the Greater Norwich local plan^{465/466}. This type of site is a consideration for council's developing their own land and where developers were coming forward with small sites for planning consent. In the Mayor's plan for London, there are specific policies for small sites⁴⁶⁷ which the London boroughs are required to include in their local plans.

Council's own land

While most planning and housing officer consider that they have a good understanding of land in the council's ownership that might be suitable and available for housing development either directly or through other organizations, there were repeated references of surprise that councils own far more land that might be suitable for housing than had previously been considered. This is also an issue in urban and rural areas. In the Eastern region, there were concerns that while small sites were the only type available, they would no longer be developed by housing associations as in the past. Now housing associations have become absorbed into larger organisations and these are now setting minimal thresholds for the development of 50 homes.

One way that such sites have emerged is through the process of online land ownership maps, which have been developed through One Public Estate initiative. Here all council owned land is shown, and we were told by a number of councils that this has led them to consider the potential role of these small sites coupled with an intensive site by site review of all sites in the council's ownership. While the council's property team may have discounted these sites for housing development, councils have been reporting that a detailed examination process that includes either a development surveyor or architect has been a much more useful process in housing land

⁴⁶² Goodall (2019). 'LB Ealing Development Plan Advisory Committee - Small Sites SHLAA'
<http://bit.ly/2JTJI8R>

⁴⁶³ Enfield Council (2018). 'Towards a New Local Plan 2036'
<https://new.enfield.gov.uk/services/planning/enfield-draft-local-plan-2036-planning.pdf>

⁴⁶⁴ Central Lincolnshire Local Plan Team (2019). 'Local Plan Review 2019' <https://www.n-kesteven.gov.uk/central-lincolnshire/local-plan/>

⁴⁶⁵ Broadland District Council, Norwich City Council, South Norfolk Council and Norfolk County Council (2018). 'Greater Norwich Local Plan (GNLP)' <http://bit.ly/2JF0bwZ>

⁴⁶⁶ Lichfields (2019). 'Planned up and be counted' <http://bit.ly/2JVn4qi>

⁴⁶⁷ GLA (2019). 'Policy H2 Small sites' <http://bit.ly/2xVY82P>

identification. Councils have been willing to undertake developments of housing for only one or two dwellings. In some cases, these small sites have been packaged together to improve the costs of their development. In other cases, these small sites have been identified as appropriate for self-build housing. Where councils have their own housing companies, small and large sites have been mixed in a bundle for development or as a means to support local builders. However, some councils have reported that it is difficult to find builders to tender for small site work.

The extent to which such sites are viable for development may depend on the local housing market and councils may consider that small sites are not cost effective. However, they may be useful in rural areas and we have learned of a National Park authority that has undertaken such small-scale development. In London, the London Borough of Sutton has a programme of 93 homes for rent but council is now considering a more commercial approach in order to fund other council expenditure.

Developers and small sites

Other issues that have emerged in the roundtables discussions is the issue of developers and small sites. While the Government in the NPPF advises that development contributions should not be charged on sites of fewer than five dwellings, a number of councils are requiring contributions and the London Borough of Lambeth for example has had such cases upheld on appeal. Another approach of developers is to propose a small number of homes on the site so that they can keep below any local policy threshold for contributions. The London Borough of Croydon has published design advice for small sites that demonstrates how sites can be intensified in practice so that these proposals for a smaller number of homes can be refused.

Findings

The focus on small sites has emerged at roundtables across England and in the case studies. It has arisen in urban and rural areas that councils are more engaged in the use of small sites than before. The understanding of the range of small sites available has been associated with more detailed assessments of the council's land ownership and a closer examination of all sites rather than those which may have been considered as suitable for housing or held in the Housing Revenue Account. Many councils reported that they have been able to find small sites for housing development through close assessments with a development surveyor or an architect. Some have suggested that working on small sites takes a different kind of approach for design and access which planners may not have as they have not been the focus of most developers. At the same time, planners have reported obtaining contributions for small sites even at development levels below that advised by government. The London Borough of reported two appeal successes on small sites at the end of 2018.

The key findings related to small sites are:

- There is a need to know about all the land availability in a council's area and all land in the council's ownership and assess this for potential housing development;
- Even very small sites might be suitable for self-build;
- Small sites are usually built out more rapidly and can make a major contribution to housing delivery; and
- Small sites can have particular issues in relation to design, access and the impact on neighbouring properties which require close attention.

6. Conclusions

This research has provided evidence of the way in which local authorities are engaging directly in the provision of housing. It has examined this issue in a range of ways – two surveys, 12 roundtables, 13 case study interviews and participation in numerous events where local authorities have shared their experience. The resulting conclusions are set out below and these point to the recommendations that follow.

Conclusion 1: Where local authorities are concerned to deliver housing, the planning system is not enough

This is a view that we heard consistently across the country, in all types of local authorities and of all political control. Local authority councillors are now of the view that their role is to provide housing, of all tenures in some cases. They consider that waiting for private developers to deliver for their communities will never provide them with housing that they need by type and tenure. While the planning system is an important component of housing delivery, there are a range of housing needs that are not being met this way and instead councils are providing housing using their own resources where they can determine what type of housing that is built, to the standard they consider to be necessary and to provide this housing quickly. This is a view expressed and demonstrated by local authorities who are stockholders and have a Housing Revenue Account and those who are not.

Conclusion 2: Each council will find its own way to provide housing, but where there is a will, they find a way

Our research has demonstrated – through the surveys, case studies and roundtables – that all councils have different approaches to providing housing and will do so in a mix that suits their culture, resources and scale of ambition. We have illustrated a wide range of methods that are being used and each council has its own preferred mix of approaches. These bespoke approaches will depend on the resources that councils have, including land and skills, existing relationships, their local housing markets and demography. Some local authorities prefer to work in a joint venture, others prefer the Housing Revenue Account or their own company or a mixture of all three. Some councils do not want to use a company but will still provide housing working with partners or using their general fund. As councils gain experience and confidence in the direct delivery of housing, they will adopt other methods and add them to their ‘toolbox’. They will learn from each other as they progress.

Conclusion 3: There are many legal powers available to local authorities to provide housing

While many local authorities use the default powers to provide housing set out in the Housing Act 1985 (part 2), councils have a vast array of powers that can be used starting with the Local Authorities (Land) Act 1963. More recently local authorities can use the wellbeing powers in the Local Government Act 2000 (section 2) or the commercial powers in Localism Act 2011 (sections 1-7). In all likelihood, the council will consider both the powers and funding models for each site and may need to be careful in classifying housing development in the most appropriate way for their needs.

Conclusion 4: Where a council has a corporate priority for housing, more gets done

In this research, we have found local authorities are delivering where there is now an overriding commitment and leadership to the provision of housing. In pursuit of this commitment, local authorities are reorganizing their structures to support this delivery. Joint housing delivery teams, housing delivery boards and housing delivery fora are now emerging in councils of all types across the country. These are proactive governance and delivery arrangements that are focused on each housing site regardless of ownership or size. Where the private sector is slow or unwilling to submit schemes that are compliant, the council moves on to other providers. Councils are changing to unlock blockages, using their own funds and powers, particularly using the deliverability test in NPPF (2019) as the basis of their actions.

Conclusion 5: At national level, government policies for housing and planning are pulling in different directions

The changes in government policy to support the delivery of more social and affordable housing, set out in the White and Green Papers, are being welcomed by local authorities and coupled with their new roles in the Homeless Reduction Act 2018, motivating them to engage in direct delivery again. Our evidence shows the high level of councils engaged in delivery is increasing through a range of means. At the same time, the revised NPPF (2019) restates the narrow focus of planning for market housing delivery. The NPPF provides some mention of different types of housing need but as Parliamentary Select Committees and the NAO have demonstrated, none of these can be secured for delivery through the planning process.

There must be a fundamental concern that the English planning system cannot positively address and deliver for the housing needs identified in every local authority. The Letwin Review identified a range of local housing markets, yet local plans only support the delivery of market housing for sale and for PRS. The requirements for 10% affordable homes are not affordable in most areas and rely on shared ownership models. Councils prepare their local plans to meet a government formula, but none has any expectation that the local plan will provide the housing that is needed. As the emerging Local Industrial Strategies will demonstrate, all economies need a diverse labour force, but they will not have one if many parts of the labour market have no access to reasonable homes. This is an urgent issue.

Conclusion 6: Despite the welcome removal of the Housing Revenue Account debt cap, the Housing Revenue Account restrictions mean that it remains an impediment to housing delivery

The Housing Revenue Account remains a political rather than an accounting standard. It continues to be used to restrict local authority investment to provide housing. The Housing Revenue Account remains a borrowing tool and does not allow capital investment either for new housing or to maintain the existing stock. In its failure to implement the agreed IFRS for local authorities, the Government is restricting the supply of new housing. Coupled with this, the use of Right to Buy provisions in England, now stopped in Wales and Scotland, without any attempt at one-to-one replacement remains a threat which is undermining local authority engagement in housing delivery.

Conclusion 7: Viability negotiations and Community Infrastructure Levy are not providing the developer contributions expected or needed

The economic downturn of 2008 appears to be a persistent narrative in the negotiations between

local authorities and planning applicants. As the NAO report has demonstrated, this is long outdated and the Government's approach to support developers through Help to Buy has resulted in their increased profits that are not commensurate with the expected public policy outcome of additional homes. The Government needs to address this issue and provide a more systematic form of development taxation which is returned to the local level. While this is not addressed, local authorities are using review clauses in s106 to clawback the overage made in schemes. This is in partial use at present but is gaining momentum.

Conclusion 8: What is Homes England's role in providing housing to meet the nation's needs?

The role of Homes England in supporting mainstream housing provision in England has been rarely discussed by local authorities in this research. Homes England is a source of one-off funds that support government policies. It is not a mainstream provider of housing expertise or funding. It provides subsidy to the private sector for market homes and some local authorities are accessing this for their developments. It provides one-off funding which takes considerable time and development delay to access. It is increasingly taking an interest in development land in an effort to clawback some surplus and speed development. However, these initiatives appear to be a marginal set of interventions to local authorities getting on with the mainstream role of providing local housing. The widening difference in practices of providing social and affordable housing between Homes England and the Mayor of London cannot be sustained in the longer term.

Conclusion 9: What is the role of 'deals' in providing for housing need?

Across England, outside London, many councils are located in subregions where there are deals for housing provided through LEP Growth deals, City deals or combined authority deals. While welcome where in place, they appear to be marginal and remote and do not replace mainstream government funding for social housing. They are frequently another form of supporting market housing and are not supporting development for older age groups or housing for key workers. They do not appear to be transparent and have no principles within which any local authority can engage with an expectation of a positive outcome. Their role in the provision of housing is sporadic and the funds would be better used to support mainstream social and affordable housing delivery for all age groups and given directly to local authorities to achieve these ends.

Conclusion 10: Local plans need to deliver on all housing needs

Local plan assessment of housing needs in the local authority do not reflect the range and types of housing required in the council's housing and homelessness reduction strategies. The local plan should be focused on delivering for these needs through site allocations by type and tenure of housing. This may mean that there needs to be a review if the UCO for housing to cover all housing types and be used in the same way as the UCO for retail and employment land. Without this, public providers will never be able to meet local needs. Land values need to react to the type of housing required. While this might mean that some land values could increase for market housing, appropriate delivery of affordable housing should temper the prices paid. Elsewhere, the needs for housing for older people, families, key worker and students need to be clearly identified in the local plan. This may require returning to an adversarial local plan examination process.

Conclusion 11: Local plans need to be standards based to support place-making

There is a need for local plans to adopt public service standards to meet sustainable and health

outcomes for the places they are serving. These need to include access to public transport, green space, education, health and community facilities, recycling, post boxes, cycling and walking provision. Within the dwellings, local plans need to identify how much housing needs to be lifetime homes standards and describe minimum space standard for each type of dwelling including storage, recycling storage, room sizes and access to outside space. The TCPA have recently launched a campaign in relation to this issue.⁴⁶⁸

Conclusion 12: Local plans need to address existing as well as new housing development

While not a current matter for local plans, local authorities frequently discussed the quality of the supply of existing housing their area, the needs for retrofitting and the effects of landlord practices on the housing supply market. The direct relationships between the existing and proposed housing provision in local areas is recognised through price, as shown in the Letwin Review but it also needs to reflect quality, access and empty homes in a positive way within local plans. This is important for climate change reduction, fuel poverty and managing long-term housing supply in the area.

Conclusion 13: Local authorities need access to development surveyors

In the period since our last research in 2011, we have noted the increasing role played by in-house local development surveyors in supporting local authorities both in viability negotiations and in the direct delivery of their own housing. These may be scarce resources, but our research demonstrates that the local authorities focussed on delivery have increased their use of this expertise. Some have shared access, some have it provided through joint ventures or locally provided contracts, but a common feature is their knowledge of the local market and their ability to understand how to get the best from a site for public and private purpose and negotiate this gap. They are also invaluable in local plan examinations and in appeals.

Conclusion 14: The relationships between local authorities and housing association are increasingly variable

While a number of local authorities report good working relationships with their local housing associations, there are increasing numbers who consider that this relationship is declining. This may be due to the increased size of many housing associations through mergers and acquisitions, the increased interest of housing associations in acting as private developers, the increasing number of housing associations with a reduced interest in social and affordable housing and finally the lack of engagement of housing associations in many local authority areas. These declining relationships are motivating local authorities to directly provide housing.

Conclusion 15: It takes time

It takes time for councils to develop their expertise in providing housing and while they will increasingly contribute to supply, this may take 10 years to build up to levels that make a significant contribution. This is a necessary process of starting small, building teams, undertaking what can be done, learning from others and making relationships. It helps to manage risks in the process. However, local authorities that have been involved longer are showing direct delivery to meet local needs can be achieved using housing and planning approaches together.

⁴⁶⁸ TCPA (2019). 'The Healthy Homes Act' <https://www.tcpa.org.uk/healthy-homes-act>

7. Recommendations

Based on the findings and conclusion of this research, we are making a number of recommendations to those engaged in housing delivery to improve the supply and quality of housing to meet the whole of the national need. This is to support the local economy, specific groups including the growing numbers of older people. It is recommending a move away from a planning system that is focused in the delivery of market housing. Without this, local economies will not flourish. Planning is not to support NIMBYs as a Treasury Minister has recently suggested: it is to ensure the best use of land and buildings in the national interest. However, planning alone cannot deliver the housing society needs.

Key recommendations

As a result of our research findings, we make a series of recommendations to various stakeholders in housing delivery. The key recommendations are:

HM Treasury

- Should allow local authorities to borrow against their assets and rent income in the same way as registered providers and the private sector.

Ministry of Housing, Communities and Local Government (MHCLG)

- Should revise the NPPF so that plans will be found unsound if different types of housing needs that have been identified cannot be delivered through the local plan;
- Should reform the method of objectively assessed need (OAN) so that it is compatible with housing needs in the local authority area derived through the housing strategy, homelessness strategy and the Joint Strategic Needs Assessment/ Wellbeing strategy;
- Should recognise that the current approach to viability is not working as a test for the delivery of the range of homes required and is not fairly balanced to meet public provision;
- Should require local plans to systematically review the housing needs of older people, in their areas, identify shortfalls and include requirements to meet them;
- The Minister for Housing should provide Homes England with a national target for the provision of housing for older people and establish a funding and support programme to deliver it. This funding should be available to local authorities without a Housing Revenue Account;
- Should review the UCO for housing and make applicable to the determination of each application and site for housing as for retail and employment uses;
- Should oblige all homes provided to be at lifetime homes standards;
- Should reverse the permitted development rights freedoms, which currently allow new dwellings to be developed without planning permission, bringing such developments into full planning control with associated requirements and contributions;
- Should return the provision of public bodies to have first refusal of land being sold by other public bodies at public value;

- Should require monitoring of the delivery of different types of housing including for older people, families, students and PRS, and that they are included within annual monitoring reports;
- Should remove Right to Buy as a policy for local authority housing;
- Should allow local authorities to keep all Right to Buy receipts for use to provide replacement housing (if Right to Buy is not repealed);
- Should create specific funds for local authority, affordable and social house building, supported by skills funding as well as the Mayor of London; and
- Should establish a funding subsidy programme whether through grants for local authority direct delivery of housing, the Housing Revenue Account, other mechanisms such as a registered provider, or on the general fund.

Local authorities

- Should bring together housing and planning into a housing delivery team to manage the implementation of all housing schemes regardless of promoter;
- Should establish a housing delivery board to monitor progress and delivery;
- Should establish a housing delivery forum of all providers in the area to meet regularly to discuss progress and problems;
- Should establish a housing intervention fund to help overcome issues on individual sites (funding can be made as a grant, a loan or in return for development equity);
- Should consider how housing provision can support the local economic objectives (e.g. PRS for younger professionals and graduates moving to the area), housing for families to encourage them to remain in the area and key worker housing;
- Should assess all sites in council ownership for housing suitability, not just those held in Housing Revenue Account or in delivery portfolios; and
- Should include more detailed housing delivery outcomes in the annual monitoring report.

RTPI/POS

- Should produce a best practice guide to deal with the council as applicant, help local authorities deal with the increased pressure on planning decision-makers as the direct delivery of housing by the same authorities increases. This should include guidance on managing internal relations, negotiating contributions, and public engagement.

Detailed recommendations

In addition to the key recommendations, we would make the following more details recommendations to various stakeholders in housing delivery:

HM Treasury

- HM Treasury should implement its commitment to apply the International Financial Reporting Standards (IFRS) approach to local housing finance

Ministry of Housing, Communities and Local Government (MHCLG)

Local planning system

Plan making:

- Local plans should be required to identify the mix of housing by type and tenure required on all allocated sites and expect this to be met without negotiation as in other countries;
- MHCLG should be more explicit in its expectations of the role of strategic plan making in housing provision;
- MHCLG should recognise that viability assessments are not helpful and tax development and land sales more directly as business
- Local plans should allocate sites for housing for older people based on a criteria-based test for siting, type of development and tenure mix;
- Local plan allocations should be included in the Strategic Housing Market Assessment (SHMA) and be a determining factor in assessing the response to the call for sites and their allocation;
- Where there is a call for sites, landowners should indicate how many homes for older people they consider can be provided on the site as part of a development and indicate how this has been factored into the deliverability of the site and its expected profit margin;
- Consider extending the use Classes Order to all types of housing so that the provision of all types and tenures of homes can be delivered through the planning system (for example through more specific site allocations and determination of each application); and
- Ensure at examination that there is consideration of the effectiveness of plans to meet all housing need through site allocations and retrofitting and that there is a delivery strategy to ensure that all housing needs are met.

Quality:

- Make the Nationally Described Space Standards mandatory for all new dwellings, everywhere, not subject to local policy adoption (with the burdens of evidence and viability) and applying to permitted development as well, with exception only possible via negotiation through a full planning permission where there is some other mitigation (for example a high quality designed co-living type space with additional shared and amenity spaces).

Definition of affordable housing:

- Redefine the definition of affordable housing to make practical sense in each local authority area and make affordable rent no more than a defined proportion of local income as a living rent

Delivery and monitoring:

- Place a duty on local authorities to deliver the local plan for their area;
- Include the local authority's own delivery together with other providers of affordable homes

- in site allocations and as part of the delivery assessment;
- Allow local authorities to act where there are allocated sites not being developed or slow implementation of planning consents;
- Consider the House of Lords select committee report's recommendations on local authority use of public land; and
- Require delivery by local authorities (including changes to allocations) if the requirements for housing for different need groups are not being met.

CPO:

- Strengthen CPO powers for councils and make them equivalent of Homes England so that developers can be challenged when they are not building out their sites; and
- Introduce a requirement that vacant property has to be part of the market and that empty homes can be required to be brought back into use.

Housing

- Recognise in housing finance policy that the number and mix of homes required in England in the next forty years cannot be provided entirely by private sector funding;
- Move to change the mix of expected tenants in social rented property;
- Create a much greater focus on the provision of housing for older people to meet national demand;
- Require the payment of business rates on student accommodation as they are businesses;
- Change guidance on Build to Rent schemes that currently allows a cut in stamp duty liability;
- Require council tax on vacant sites as developers are demolishing building to pay nil council tax;
- Where councils have transferred their stock to a registered provider, this registered provider should have an obligation to continue to provide housing in that area;
- Where older people have been private tenants for a long period, they should be afforded some security of tenure;
- Local plans should identify these homes most in need or retrofitting by area or criteria and identify mechanism to achieving this upgrading particularly for energy consumption reduction through programmes funded through s106 and other monies; and
- Central government should implement its international obligations under IFRS so that councils can borrow funds to maintain their properties to a good standard and use their assets for programmes to support retrofitting the properties of older people.

Homes England

- Should change priority from one focussed on serve areas of high demand to one that services areas of high housing need;
- Should recognise local authorities as a mainstream core housing provider and adjust funding and support systems to enable this role to be implemented;

- Should provide tailored support to local authorities to enable them to develop their integrated housing delivery teams to enhance their capacity;
- Should use their own land ownership to ensure that schemes are policy compliant and are delivered through sale or joint venture conditions;
- Should include a return provision if the land is not developed within an agreed period by offering land for development on a licence not through sale;
- Should establish a capacity fund that each local authority can bid into similar to the one established by the Mayor of London and in Greater Manchester; and
- If right to buy is not removed, should provide a ring-fenced approach for funds as operated by the Mayor of London.

Department for Business, Energy & Industrial Strategy (BEIS)

- Should recognise the role of local industrial strategies in supporting local housing needs for a range and type of dwellings that can house people who can support the local and national economy

Local authorities

Corporate leadership

- Recognise that leadership is central to success in housing delivery;
- Recognise the continuing role of Homelessness Reduction Act 2018 and how their actions will increase without landlord control;
- Establish a system to monitor every site for housing;
- Assume that all housing will not be delivered through local plan mechanisms and some will need to be provided with direct involvement of local authority;
- Appoint the council's own development surveyor with experience in the private or registered provider sectors;
- Consider the role of the council as a patient investor in its area;
- Consider providing directly all types of housing that might be required for local needs if this is not being met by other providers;
- Consider purchasing land for housing as an investment for the longer term;
- Consider local and more strategic partnerships for specific types of housing provision including with neighbouring authorities;
- Build up skills to support housing delivery including capital programme accountant, legal and highway engineers as well planners and surveyors; and
- Where local authorities do not have a Housing Revenue Account they should consider establishing a registered provider to enable them to provide housing using grant from Homes England.

Planning

- Undertake an assessment of all housing need in line with housing strategy and the

- Homelessness Reduction Act 2018, not just using the Objectively Assessed Need (OAN);
- Develop criteria for assessing housing sites for different need groups e.g. older people, students, family housing;
 - Indicate target delivery of homes for each group over the plan period and then monitor its delivery;
 - Require land owners to identify types of housing delivery factored into profits expectations in any call for sites;
 - Ensure that housing negotiation on sites focuses on tenure and type mix as well as development contributions;
 - Demonstrate how development contributions can be used for housing retrofitting as well as new infrastructure provision;
 - Identify actions to ensure that delivery of housing for all need is being delivered through the local plan, and that the plan considers more than just market housing; and
 - Consider the local authority's own housing development activity in the local plan.

About the authors

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Janice Morphet is a Visiting Professor in the Bartlett School of Planning at University College London. She is currently working on infrastructure planning, health, smart cities and their infrastructure and governance and sub-state governance in the UK including the role of the British Irish Council and Devolution. Janice has held senior posts in local and central government, including as a Chief Executive and as a Director of Technical Services, was Head of the School of Planning and Landscape at Birmingham Polytechnic and on the ODA Planning Committee of the London 2012 Olympic Games. She was the main official between the local government division and other government departments for the then ODPM from 2003-2005. Janice is now a member of the Council of the National Infrastructure Planning Association (NIPA), a former trustee of the RTPI and the TCPA and was included in the Planning Power 100 for 2013. Since 2015, Janice has been a Built Environment Expert for Design Council/CABE specializing in infrastructure delivery.

Since 2006, Janice has acted as a consultant and academic working particularly on infrastructure planning and public sector change. Her recent books are *Modern Local Government* (2008), *Effective Practice in Spatial Planning* (2010) and *How Europe Shapes British Public Policy* (2013), *Leadership and management in Planning* (2015), *Infrastructure Delivery Planning – an effective practice approach* (2016) and *Changing Contexts in Spatial Planning* (2018). Janice is also the author of blogs and notes on Brexit for the national Planning Forum, Planning Futures, Planning magazine, the RTPI and the London Society and she has recently published *Beyond Brexit* (2017). Janice's latest book is *Changing Contexts in Spatial Planning* (2018). Janice and Ben have undertaken research on the British Irish Council (2015), two major research projects on the operation of the 2008 Planning Act for NIPA and this is their third housing project since 2017.

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Ben Clifford is Associate Professor in Spatial Planning and Government at the Bartlett School of Planning, where he is also the Course Director for the MSc Spatial Planning degree course and the Departmental Tutor responsible for 450 postgraduate (taught) students in the School. Ben's research interests are on the modernisation of the state and the implications for planning, planning professionalism, planning reform and the involvement of stakeholders in planning. Ben has been involved in research on devolution and planning, the relationship between consent and delivery of nationally significant infrastructure, office-to-residential permitted development, and local authority direct delivery of housing. He is currently working with colleagues from the Universities of Sheffield and Newcastle on an ESRC funded project: 'Working in the Public Interest? Spatial planning and the future of public service professional labour.'

Whilst a PhD student at the Department of Geography, King's College London, Ben was seconded and employed as a civil servant to provide policy advice around planning reform in the Department of Communities and Local Government (on local plans policy) and to the Department for Business, Enterprise and Regulatory Reform (as a team member on the Killian Pretty Review, a review of the efficiency of the development management system in England). Ben is widely published in academic journals. He was lead author for the book *The Collaborating Planner: Practitioners in the Neoliberal Age* published by Policy Press in 2013, which takes a detailed look at the role of

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