

HotSW Joint Committee

Meeting date – Friday 29 March 2019

ACCELERATION OF HOUSING DELIVERY IN THE HEART OF THE SOUTH WEST

Joint Committee Housing Task Force Report

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1. Summary

- 1.1. There is a clear desire to see quality housing growth delivered across the Joint Committee area. There is also a growing sense of frustration that the solutions to a number of the issues holding growth back are not locally-achievable, and that while councils are doing everything they can to address these blockages, there is a limit to what can be achieved without the support (and where necessary, intervention) of government departments and agencies.
- 1.2. The Joint Committee has recognised housing as a priority objective to try and address these issues; to deliver the high-quality housing that is needed, and to try and find an avenue to engage with government at a meaningful level. This is about nothing less than unlocking and unleashing the economic potential of our area and the quality housing growth needed to provide for our communities of the future.

2. Recommendations

- 2.1.
 1. That the Joint Committee pursue an area-based package to accelerate housing delivery which, at headline level, should include:
 - a. Resourcing of a strategic delivery team (capacity funding)
 - b. A major infrastructure delivery fund to unlock growth
 - c. A small schemes liquidity fund to bring forward stalled sites
 2. That the proposed package as set out in appendix 1 is agreed as an appropriate package to accelerate housing delivery across the HotSW geography.
 3. That the proposed package as set out in appendix 1 is used by officers as the basis for future engagement with central government and its agencies in seeking to secure a bespoke deal for the HotSW area to structurally embed collaboration with central government on housing delivery.
 4. That the Task Force seeks to now engage with senior figures within both Homes England and the MHCLG Growth and Delivery Unit to understand their appetite for driving growth and willingness to work with the Joint Committee on some kind of housing deal.
 5. That the Task Force brings back any updates or progress to the Joint Committee to consider in due course.

3. Background

- 3.1** The delivery of housing is a key government priority, as well as being of fundamental importance to our local places and local economies across the HotSW area. Over the summer of 2018, PerConsulting Ltd was commissioned on behalf of the Joint Committee to conduct an audit of housing targets, planning processes, and delivery rates across the HotSW area. The work involved collating information and a series of face to face meetings with housing and planning officers in each council. The survey also picked up information regarding the capacity and skills within local planning teams, and other issues, for example around planning policy and local housing markets.
- 3.2** The report was presented at the HotSW Housing Summit at the end of September 2018. Attended by a wide range of partners and stakeholders from across the public, private and third sector, and Government, it provided a valuable opportunity to hear first-hand from Homes England, and to discuss the opportunities for faster growth and delivery, as well as exploring challenges and sharing best practice.
- 3.3** At the Joint Committee meeting on 5 October, Councillor Harvey Siggs, Leader of Mendip District Council, agreed to take the work forward through the establishment of a Housing Task Force. This task force met in November and brought a report back to the Joint Committee on 25th January 2019 which recommended collaboration on developing a HotSW-wide approach to 'asks' and ambition for action and asked that a further report be brought back to the Joint Committee at its meeting of 29th March 2019 with recommendations on a proposed package.

4. Context

- 4.1** Nationally we know that other areas have successfully negotiated funding and support from Government.
- The West of England negotiated £3m of capacity funding to establish a strategic delivery team to progress large sites for housing development.
 - West Northamptonshire are working on a package of freedoms and flexibilities to support delivery of development, for example around relaxing the housing land supply requirements in the short term and exploring land value capture mechanisms.
 - The Oxfordshire housing deal provides £150m for infrastructure improvements, £60m for affordable homes, and £5m for capacity funding – to deliver an agreed 6,500 homes by 2022 (alongside a commitment to submit and adopt a joint statutory spatial plan covering five planning authority areas up to 2050).
- 4.2** There are also many opportunities to align with funding announcements and national initiatives such as those announced in the Chancellor's budget last year, including an increased Housing Infrastructure Fund; bank guarantees for smaller house-builders; and the Future High Streets Fund which can help local areas to reshape their high streets integrating more housing and improving transport. In addition, there has been a significant focus on boosting housing delivery from the NIC Oxford-Cambridge corridor study which clearly demonstrated how national and local agencies need to align and cooperate to achieve faster growth. The Chancellor's Spring Statement committed a further £445m along the OxCam Arc to unlock 22,000 homes.

5. Progress and Achievements

- 5.1** From our original set of offers and asks that came from the Housing Summit in September 2018, we have already set up the Housing Task Force as a sign of our commitment to drive this forward. Each area is also developing their long term local plans and where it makes sense, these are being progressed jointly across housing and economic areas.
- 5.2** With the overarching governance already in place to provide assurance on any deal with government, we are now well-placed to move forward – but this will require some willingness on behalf of government departments and agencies to work with us. There is a degree of frustration and concern that the rhetoric given to local leaders is not materialising in reality, with funding to secure better places for our communities being channelled to other parts of the country – and potentially funding commitments already given for housing infrastructure seemingly now at risk.

6. Proposed Approach

- 6.1** Given that the established rules of engagement are currently in a degree of flux, it is felt that a bold programme of ambition is perhaps now the best way to elicit the necessary response from government. In simple terms there are three strands that require addressing to accelerate the delivery of quality housing and quality places across the Joint Committee area:
1. There is a need for the capacity to bring forward development propositions, to smooth it through the planning process, and to ensure delivery once consent is granted. With local councils being cut to the bone in terms of funding, this capacity is very thin on the ground, and councils invariably have limited capacity to address land matters, masterplan, negotiate, and drive growth post-consent. There is an opportunity for councils across HotSW to self-organise and deploy skills and capacity but only if additional funding is forthcoming from Government to ensure resilience.
 2. In many places across the joint committee area, major infrastructure capacity is curtailing growth. This can be identified in many places, and has been evidenced by Planning Inspectors placing a limit on housing that can be brought forward before major infrastructure upgrades are in place. While planning obligations will always be sought to contribute, it must be recognised that such schemes are well beyond what the private sector (development market) could afford. Local councils will always consider taking on borrowing to cash-flow infrastructure upgrades for the benefit of their communities, but there is a scale at which this becomes unaffordable for the balance sheet of local councils.
 3. While some interventions are dependent upon funding, there are also a range of small and medium scale developments that have stalled due to financing arrangements. The third strand of housing intervention would therefore be focused on providing additional liquidity in this small-medium site sector.
- 6.2** Beneath these headlines, there are a range of issues that have been identified in appendix 1, being based on discussions by the HotSW Housing Task Force and informed by input from councils across the geography. It is designed to be a simple and straightforward framework on which to engage government on the nature of the 'ask'. At this point it has concentrated on strategic intervention and alignment, not on overt tactical responses at site-specific locations. It was not felt that compiling a 'wish list' of specific schemes was going to be productive as a framework for negotiation with government, so our asks have focused on systemic changes, freedoms/flexibilities, and the desire for the overt alignment of investment programmes across departments and agencies – going far beyond the more usual

offer of 'brokerage' that simply offers to try and break down departmental and inter-agency silos.

- 6.3** Finally, there has to be a recognition that if we are asking government to 'step forward', there will also be situations where local government and the LEP are the ones having to take those steps as well. The framework acknowledges some areas where this might be needed, but no doubt any future negotiation with government will seek to flesh these out further as any wider investment is likely to have strings attached – most obviously around the continued development of suitable governance arrangements that could report into the Joint Committee as needed.

7. Risks

- 7.1** Members should be aware that the proposed approach does not currently fit within the known parameters of 'deals' that the government might wish to progress. And while publicly the messaging has been about how any such deals should be locally-derived and specific to a given area, nevertheless the vast majority of deals in place or under discussion look and feel pretty similar. There is a danger that if it is not clear 'which box to put us in' then any headway in discussions could be severely limited.

However, this risk needs to be balanced against the desire to see the status quo continue, with funding repeatedly going elsewhere at the expense of the residents, communities and businesses across our area.

8. Implications (including equalities)

- 8.1** There are no equalities implications associated with the recommendations. As individual project and proposals are progressed, and decisions required, the equalities implications will be addressed as part of the considerations. The same will apply to legal, financial, HR, risk, health and well-being, health and safety, sustainability, community safety, and privacy implications.

9. Background Papers

- 9.1** None

Appendix 1.

Theme	Ask - Approach	Commentary
Capacity for delivery	Capacity funding – both for LPA’s and for key statutory consultees in order to speed up decision making process and subsequent implementation.	This could be through additional mechanisms secured via a housing deal at Joint Committee level and administered by the JC, or could be implemented by providing all HotSW LPAs with the 'additional 20%' on planning fees that has been touted as a reward for delivery.
	Capacity funding for strategic settlement preparation.	Capacity funding should be available to fund necessary master planning, site assessments and infrastructure prioritisation associated with strategic sites. It is highly unlikely that the development industry would be best placed to undertake this type of work at this scale, and commitment to shaping the quality of these strategic settlements would be welcomed by communities. Evidence over the last few years suggests garden village/town sites are only securing around 50% of the funding being sought to bring these sites forward - highlighting the scope to accelerate if all identified workstreams were funded.
	Capacity funding for small-to-medium sites.	Providing an ability for LPAs to control the quality agenda on small-medium sized sites that otherwise may not benefit from masterplanning in this way. Fitting with the government's agenda on quality as much as quantity. This could be through a specialist team operating across the HotSW area providing expertise to support delivery – it doesn’t need to necessarily be at the level of each LPA.
	Develop and maintain grant funding facilities for housing associations and/or LAs to enable them to both deliver necessary affordable housing allocations on large sites and to take a more proactive longer-term approach to building a pipeline of land and opportunities.	Many large sites are negotiating lower affordable housing contributions to address viability gaps and enable key upfront infrastructure schemes to be provided. A mix of housing products is key to accelerating delivery and addressing housing need - and the direct delivery of social/affordable housing can help to de-risk the private sector element of development sites. There also needs to be consideration of direct grant, where applicable, to ensure affordable housing provision is brought forward – acquiring delivery rights for affordable housing rather than just subsidising whole-site viability.
	Consider the support of Housing Market Area based development corporations, or the creation of a strategic delivery team for HotSW to be deployed across the area as needed to unblock sites and accelerate delivery.	This is about securing the right skills and human resource to be able to drive forward delivery. Individual councils have created their own delivery entities, with differing levels of activity, but there is limited capacity in the system to 'ramp up' in the era of austerity post sub-regional planning and growth point delivery etc. Use capacity to explore more ambitious proposals which go beyond conventional methods of delivery and set out a clear rationale for the need for bespoke delivery models suited to individual circumstances within the JC area.
Policies working for delivery	M5/A38 corridor NIC study - scope major infrastructure priorities for investment	Similar in scope to for example the Oxford-Milton Keynes-Cambridge study with potential to identify significant infrastructure barriers to growth, and secure future government investment (and policy backing) to address these. Would need to recognise the M5 'corridor' as it passes through HotSW i.e. Bridgwater facing north and Exeter facing south down towards Plymouth...

	Fairer Government housing-related funding allocations for areas outside London and the South East.	The current prioritisation of 80% of housing-related Government funding programmes focusing on areas of 'highest affordability pressure' will limit local authorities' ability to accelerate delivery (outside of these areas). Housing affordability is a national problem. Significant housing pressures coupled with lower land values in areas outside the South East region mean that Government investment is critical if the national housing shortage is going to be addressed.
	Recognise that 'official delivery' policies can work against otherwise high-performing areas.	Currently policy is skewed to penalise areas where delivery is disproportionately in non-standard housing - such as student accommodation (Exeter) or temporary accommodation (Sedgemoor linked to Hinkley). Recognition of this delivery in policy terms would assist local planning teams in not having to fight appeals based on non-delivery, as would the consideration of a 3 year land supply requirement on these areas.
Infrastructure funding for delivery	A rolling programme of infrastructure funding from government; this could be pump priming, loans or grants.	The key will be to have a streamline and flexible local funding approach that is more efficient and responsive than national initiatives such as HIF or MFV. A three year "local housing deal" agreed with the Joint Committee for example based on 50% grant and 50% recyclable funding? Government should recognise the need for a more flexible approach to appraising and allocating infrastructure investment for LPA's where the opportunities for very large sites (2000+ dwellings) are more limited.
	Alignment of national investment programmes to growth requirements.	Aligning the investment programmes of agencies such as Highways England, Network Rail and DfT to the growth agenda would be a significant benefit. Securing Homes England support is incredibly helpful, but if Network Rail doesn't enable the new railway station, or Highways England fails to address the motorway junctions, then the infrastructure deficits continue to rise - and ultimately block development from coming forward.
	Better than brokerage.	While breaking down the barriers between departmental silos is helpful, in order to achieve accelerated delivery we need concerted action across agencies, not just the offer of conversations.
	Estate Regeneration.	The challenges of delivering higher density housing in urban areas involve regeneration, demolition and renewal, alongside the challenges of housing and re-housing existing tenants. This much more interventionist approach requires substantial resources and commitment to redevelop in challenging city centre locations. There are locations in Plymouth and Exeter that would be excellent opportunities to pilot new approaches to large-scale city-based housing and economic regeneration projects.