Leeds
CITY COUNCIL

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Report of Chief Planning Officer

Report to Development Plan Panel

Date: 18th July 2017

Subject: Housing land supply and delivery update

Are specific electoral Wards affected? If relevant, name(s) of Ward(s): ALL	☒ Yes	☐ No
Are there implications for equality and diversity and cohesion and integration?	☒ Yes	☐ No
Is the decision eligible for Call-In?	☐ Yes	☒ No
Does the report contain confidential or exempt information?	☐ Yes	☒ No

Summary of main issues

1. Housing delivery in 2016/17 reached the highest level since the recession and there has been specific uplift in construction activity in the delivery of new homes from the housebuilding industry. The Housing Growth and High Standards in all Sectors Breakthrough Project is a multi-stranded programme, which delivers new housing through direct investment in new housing stock in the public and private sectors, bringing empty homes back into use and enabling delivery through a programme of intervention and support for housing associations, third sector partners and private sector land owners and developers. The Policy and Plans Group, through plan-making, monitoring and implementation supports this project.

2. Despite these efforts, housing completions remain below plan targets. Following five years of under delivery and a backlog of 4,476 units the Council is a 20% authority for the purposes of applying a buffer to the five year housing land supply requirement.

3. At this point, the Council has been found not to have a five year housing land supply. The 2017 Five Year Supply Update is now underway, supported by a revised Strategic Housing Land Availability Assessment (SHLAA) and will report this Summer. The adoption of the Site Allocations Plan is a key mechanism to increase the five year housing land supply and deliver completions.

Recommendation

4. Members' views are invited on the report.

1. Introduction

1.1 This report provides an update on the supply and delivery of housing. It includes details of the Council's approaches through Housing Growth Team work between Planning and Asset Management & Regeneration to support housing growth in order to meet the current Core Strategy target. It highlights the importance of the adoption of the Site Allocations Plan.

2. Background

2.1 Since 2012 housebuilding in Leeds has not met the Core Strategy requirement of 3,660 per annum and the Council has recently been adjudged (by the Secretary of State in his appeal decision on land at Grove Road, Boston Spa, May 2016 and decisions at Breary Lane, Bramhope, Leeds Road, Collingham and Bradford Road, East Ardsley on 23rd December 2016) not to have a five year housing land supply.

2.2 The Secretary of State agreed with the Inspector that the need for additional delivery is even more marked as there is no longer a development plan for delivery. Inspector concluded that the failure to produce an adopted Site Allocations Plan until December 2017 means that there is no policy to set out how delivery of any houses will take place.

2.3 This leaves the Council in a challenging position regarding pressure (via planning applications) for the development of sites (such as safeguarded land) on their merits in relation to wider Policy and site specific matters. The Core Strategy target steps up to 4,700 per annum this year.

3. Delivery of new homes

3.1 There were 3,306 new and converted homes were delivered in 2016/17 - the highest number of newly built homes delivered since the commencement of the Core Strategy plan-period (1st April 2012). Overall, completions last year include an increase in the delivery of new build homes less reliant on the return of long term empty properties than in the previous years.

3.2 There has been a steady increase in new and converted homes since 2014/15. However, despite this the Core Strategy target is yet to be met and there is an accumulated under-delivery of 4,476 homes since April 2012.

3.3 Overall new completions are comprised of additions to the housing stock as part of new and converted units from the housebuilding industry, the return of empty properties and the delivery of older persons accommodation set against the reduction in demolition activity.

<u>New and converted units – housebuilding</u>

3.4 A total addition of 2,878 units is the greatest level of delivery in the Core Strategy period and the highest amount from this source since 2008/09 – with over 80% of delivery on brownfield sites. There has been a 15% increase in the delivery of new homes from the housebuilding industry in the previous year.

3.5 In total, sites delivered by Top 20 volume house builders in the last 5 years is 25% of all new build homes. The number of outlets (sites under construction) running at any one time has been between 105 and 120 - only dropping below 100 during the recession. The number of outlets needs to be increased in order to meet Core Strategy targets. At present, build out rates range from 14 to 68 units per annum depending on the size of the site.

Table 1: Build out rates

Site capacity	Number of sites	Under construction	Yet to start	Outstanding	Build out
Under 20 units	44	237	22	259	14 units per annum
Between 20 to 50 units	23	395	106	480	30 units per annum
50 or more units	44	1,389	2,005	3,394	44 units per annum
Total	**111**	**2,021**	**2,133**	**4,133**	68 units per annum

Long term empty properties returned to occupation

3.6 The net reduction figure relates to the total number of private sector properties that have been empty for longer than 6 months. The annual net reduction figure at March 2017 was 437 units**.** This is higher than expected as this is a finite supply that has now contributed 2,436 completions in the last five years.

Older persons accommodation

3.7 The supply and delivery of older persons housing from care homes is counted at ratio of 2 bedrooms equalling 1 completed unit. Two care homes at Moresdale Lane in Seacroft, and 12 Outwood Lane in Horsforth were completed in 2016/17, with a total of 89 bedrooms. This equates to 45 units.

Demolitions

3.8 A total of 54 properties were demolished including bulk clearance at Rosemont flats between 67 and 141 Beckhill Avenue in Chapel Allerton.

Completions

3.9 Overall delivery of 3,306 homes in 2016/17 is the highest number since the Core Strategy was adopted in April 2012. Completions this year include an increase in the amount of new build homes; less reliant on the return of long term empty properties than in the previous years. This is supported by a number of large sites delivering in 2016/17 as shown in Table 2. This trend will continue on the basis of large sites currently under construction as shown in Table 3.

Table 2: Large sites delivering in 2016/17

Site	Completions
Grimes Dyke, York Road	166
City Campus, Calverley Street	143
Former Clariant Works, Calverley Lane, Horsforth	98
South Parkway, LS 14	80
Woodhouse Street, Woodhouse, Leeds	79

Table 3: Large sites under construction (contributing to future delivery)

Location	Capacity	HMCA
Land Off Asket Drive (South)	106	Inner Area
East Street XI Aire (Former Bellows)	247	Inner Area
Sweet Street And Manor Road, Holbeck (Dandarra)	744	City Centre
Tyersal Lane, Tyersal	270	Outer West
Bruntcliffe Road, Morley	181	Outer South West
Land At Owlers Farm, Wide Lane, Morley	114	Outer South West
Horsforth Mill, Low Lane, Horsforth	89	North Leeds
Department For Work And Pensions, Government Buildings, Otley Road	97	North Leeds
Green Lane Dyeworks, Green Lane, Yeadon, Leeds	171	Aireborough
Spofforth Hill, Wetherby	325	Outer North East

3.10 In the last five years 13,824 units have been completed against a cumulative target of 18,300. This is the backlog of 4,476 units against ambitious Core Strategy requirements. The rate of demolitions remains low following the completion of bulk clearance schemes before 2012. The return of empty properties has made an important contribution to delivery but this is a finite supply that will not continue beyond the next year.

Table 4: Completions during Core Strategy plan period

Year	Core Strategy Policy SP6	Type			Demolitions	Total	Under delivery
		New and converted units	Empty homes	Older persons housing (C2)			
2012/13	3,660	1,650	149	29	27	1,801	-1,859
2013/14	3,660	2,235	880	86	6	3,195	-465
2014/15	3,660	2,076	215	32	97	2,226	-1,434
2015/16	3,660	2,516	755	67	42	3,296	-364
2016/17	3,660	2,878	437	45	54	3,306	-354
Total	**18,300**	**11,355**	**2,436**	**259**	**226**	**13,824**	**-4,476**

3.11 Work is underway to review selective policy areas of the Core Strategy, with the main purposes of updating the housing requirement in line with recent household projections and including national housing standards. The current Core Strategy was based primarily on the 2008-based population projections and did not reflect subsequent lower population projections.

3.12 Executive Board agreed to commence the Selective Review of the Core Strategy and specifically agreed the targeted scope of the Review. Current progress is:

- Revised Strategic Housing Market Assessment underway and due to report August 2017
- Regulation 18 “scoping” consultation underway with deadline of 1st August

4. Planning, Housing and Regeneration Programmes

4.1 Housing regeneration and growth is a key priority for Leeds; it is a Breakthrough Project in the Best Council Plan and annual targets of 3,660 homes per annum between 2012/13 and 2017/18 (stepping up to 4,700 homes per annum thereafter to 2028) have been set in the Adopted Core Strategy. Whilst delivery issues remain, meeting housing needs and supporting good growth within a compassionate City are integral to the aspirations of Leeds. Within this context, it should be noted that, 3,000 new homes can generate £8 million in Council Tax and New Homes Bonus. Leeds also requires a functioning housing market to support jobs and investment. The Government has recently renewed its ambition to deliver 250,000 new homes per annum and in February released its Housing White Paper for public consultation, with the ambition of *‘Fixing the broken housing market’*. Members of this Panel considered the Council’s respond to the HWP at its meeting on 9th May 2017.

Maximising the use of Brownfield Land

4.2 Befitting a large metropolitan authority like Leeds, the Council have consistently made a clear priority to maximise the use of brownfield land in meeting the need for new homes across the district and we are actively engaged with incentivising the bringing back into use of brownfield sites. This approach is no different now, with the Core Strategy spatial strategy focussing on previously developed land and the main urban area.

4.3 This strategy gains support from the recent Housing White Paper and recognises that a range of tools and solutions are necessary to stimulate delivery on brownfield sites. A range of local activities are seeking to boost delivery on brownfield sites:

- the Council's Housing Growth Team works across a range of Council services including: Planning, Regeneration, Asset Management and Housing to identify and implement interventions to stimulate housing growth primarily in areas in need of regeneration and on brownfield land.

- a Housing Investment Land Strategy (HILS) includes a proactive 'live' view of surplus brownfield land in the Council's ownership that has potential for residential development and brings together all proposals for market-led or public sector funded housing on these into a co-ordinated approach to how, when and where housing can be delivered. In April 2017, 917 homes in Seacroft, Halton Moor and Osmondthorpe were granted permission across a range of sites assembled by the Council under the Brownfield Land Programme. They will be delivered by Keepmoat and Strata builders.

- a Brownfield Land Register (see below)

Brownfield Land Register

4.4 The Council has continued in its commitment to identifying brownfield sites for development as a pilot authority for the Government's Brownfield Land Register project, to help lead the way in bringing forward previously developed land for new homes. The Registers will help house builders identify suitable sites quickly, with the intention of de-risking investment decisions and access to funding for housing proposals, thus speeding up the construction of new homes.

45 The Council were invited by DCLG in January 2016 to be a pilot authority for the Brownfield Land Register project. As part of the project, the Council put together a pilot register of over 300 suitable sites with a total capacity of over 30,000 new homes – 'Suitable' sites from the SHLAA and proposed in SAP.

4.6 Government Regulations will:

- Introduce Permission in Principle (PIP) for sites would have to be approved by the Council through the adoption of a qualifying document (Brownfield Land Register).
- Once PIP is established, a Technical Details Consent (TDC) would be required that would be similar to a full planning application that would include heritage, landscape, design, noise and conservation matters.

- Regulations that introduce PIP for sites entered on Brownfield Land Registers and the technical details consent came in to force on 16 April 2017.
- These Regulations require LPAs to publish and maintain a Register of brownfield land suitable for housing and give them powers to grant PIP to suitable sites on their brownfield registers and process TDC applications. They do not enable LPAs to grant permission in principle on receipt of an application – these provisions would need to be contained in a separate set of regulations.
- Local authorities are required to publish their Brownfield Registers by 31 December this year. Consequently, it is not anticipated that sites with PIP and, therefore, applications for TDC will start to come through until 2018.
- Local authorities will receive grant funding to cover their new responsibilities in relation to brownfield registers and permission in principle.

4.7 The Register is presented as an online portal of 'ready to develop brownfield land' that provides a package of site information, planning status and a map (site plan). This is integrated with the background evidence held in the Council's SHLAA database and is consistent with the Site Allocations Plan.

Small and Medium Enterprise House builders

4.8 The Council has a primary role in setting out a vision for the development of the District and by identifying sites through the development plan are actively creating new housing opportunities for a range of providers. However, there are locations in Leeds where the volume industry have told the City Council they will not build as it no longer meets their business models. As noted in paragraph 3.5 above sites delivered by the Top 20 volume house builders in the last 5 years are only 25% of all new build homes. The HWP notes that this is a national issue and recognises that the volume house building sector will not build all the homes that are needed to meet needs.

4.9 Other players in the housing market are therefore critical to ensure that housing needs are met. The Council recognises Government's support for the SME sector, including the reshaping of the Builders' Finance Fund, which enables support for small sites and recognises that the business model for SMEs is different to that of the volume builders. The Council has fed into a number of inquiries into capacity in the homebuilding industry and are currently exploring ways of supporting SMEs, including Registered Providers.

4.10 Through the Private Sector Acceleration Programme, the Council is already working with SMEs to address stalled sites, through providing planning advice, work locally with the Homes and Communities Agency (HCA) and de-risk sites where possible to add pace to delivery. Since this programme commenced, development has commenced on 12 sites delivering a total of 1200 units with a further 14 sites moving through the planning process.

Council House Building

4.11 The Council is engaging with other developers, SMEs and regional house builders in addition to building its own homes through Council House building. The programme to deliver 1,000 new council homes is delivering at pace and demonstrates Leeds' ability to deliver new housing at scale. In addition to Housing Revenue Account (HRA) resources of £134m, £16m HCA grant has been secured to match and stretch HRA resource to support increased housing supply.

4.12 Over 560 new units have been delivered under the programme to date (inclusive of the new build housing within the PFI programme). A further 79 units are currently on site and over 160 units are in the design, feasibility or planning stages. New build delivery includes the council's first and flagship Extra Care Scheme completed in December 2016 providing mixed tenure affordable housing and enabling older people to maintain their independence but with access to care and support tailored to their needs; as well as the development of the former Lord Cardigan Public House site, a former property on the Derelict and Nuisance sites programme working with a local SME builder.

4.13 The Council will be working closely with the development industry and other partners to clarify and encourage high quality growth and share ideas and experience – and actively use our own assets and knowledge to unlock housing opportunities and deliver more homes.

6. Site Allocations Plan

6.1 The Site Allocations Plan (SAP) has now been submitted to the Secretary of State for independent examination (5th May 2017), with Hearing sessions anticipated in the Autumn. The Plan is the key mechanism to translate the housing supply into completions through a variety of sources.

6.2 The Plan will see the comprehensive release of a range of sites, across 11 Housing Market Areas (HMCAs) as shown in Table 5. In the City Centre, the Private Rented Sector (PRS) is an emerging sector in the home building industry in Leeds with potential for over 10,000 new homes over the next 12 years. SME and regional-scale developers will have opportunities for increasing activity across the District including on challenging brownfield sites proving possible to deliver viable and attractive schemes.

Table 5: Housing Market Characteristic Area Targets and Allocated Supply

HMCA	Target	Submission Draft Plan figure (identified and new allocations)
1.Aireborough	2,300	2,014
2.City Centre	10,200	11,909
3.East	11,400	9,686
4.Inner	10,000	13,042
5.North	6,000	5,958
6.Outer North East	5,000	5,000
7.Outer North West	2,000	1,755
8.Outer South	2,600	2,434
9.Outer South East	4,600	4,378
10.Outer South West	7,200	6,969
11.Outer West	4,700	4,672
Overall figures	**66,000**	**67,817**

6.3 As a bridge between the Core Strategy policies and the Site Allocations Plan and delivery on the ground officers are undertaking a range of planning brief work with a range of larger site promoters. In November 2016 Members considered a report on models of housing delivery which sets this out aspirations to secure a range of housebuilding solutions across a range of sites including: the right tenure, mix and affordability of new housing which is well served by infrastructure as well as opportunities for self and custom build.

7. SHLAA update

7.1 The 2017 Update is now underway and will report this Summer. Following the Secretary of State decisions in December 2016 on housing land supply in Leeds, it is necessary for the Council to have regard to the Inspector's conclusions in respect of achievability, specifically market activity and landowner/developer interests.

7.2 Following on from previous technical work, the Council has written to all the landowners of the sites proposed to be allocated, to confirm the availability of sites and produce an accurate picture of delivery. Further technical work has also been undertaken on the SHLAA site assessments, to reflect recent planning and construction activity across the District.

7.3 Intelligence from the Housing Growth Team and representations made as part of the Site Allocations Plan making process provides details of availability and achievability and anticipated build-out rates.

7.4 The technical assessment of individual sites is currently out to consultation with the House Builders Federation with a request for commentary from HBF members on sites where they have a specific interest. A full update on the 2017 SHLAA and 5 year supply position will be reported to Development Plans Panel in September.

8. Recent permissions activity

8.1 The Council has continued to increase the stock of outstanding planning permissions over recent years with the number of units approved above the Core Strategy requirement. In 2016/17 6,792 new homes were approved which is more than any year since 2007/08. Members will note the increase in greenfield permissions due partly to the loss of planning appeals on safeguarded land sites.

Table 6: Planning permissions granted by year

Year	Brownfield	Greenfield	Total
2012-13	1,672	830	2,502
2013-14	4,057	991	5,048
2014-15	6,052	556	6,608
2015-16	3,395	1,633	5,028
2016-17	3,615	3,177	6,792
Total	**18,791**	**7,187**	**25,978**

9. Corporate Considerations

9.1 Consultation and Engagement

9.1.1 The focus of this report has been to provide a summary of the current position on housing land supply and delivery. Accordingly, no consultation arrangements are necessary.

9.2 Equality and Diversity / Cohesion and Integration

9.2.1 Given the scale of the District and diversity of community areas, these issues are especially acute in meeting housing needs, now and in the future. In reflecting such issues, the Adopted Core Strategy (and selective Review) is focussed upon setting overall housing requirements, as a basis to meet overall housing needs.

9.2.2 Evidence base work currently underway as part of the Core Strategy Review (Strategic Housing Market Assessment), gives particular emphasis to helping to understanding the dynamics and nature of up dated housing needs and the housing market in Leeds, as a basis to influence subsequent Policy and implementation issues.

9.3 Council policies and City Priorities

9.3.1 Housing is a key cross cutting issue for the Council, which has a direct impact on the Council's budget, policy and operational service issues. This is reflected in the expenditure required to maintain key services (including Social Care), income generated to the Council (including via Council Tax, Section 106 and CIL income), the management of the Council's housing stock and related asset management issues and also the strategic links to the provision of infrastructure and utilities.

9.4 Resources and value for money

9.4.1 Implementation activities are time consuming and will require staffing and in some cases, technical resources to support the preparation of planning briefs and bespoke technical work. However, it is considered that such activities will help promote better development and speedier progress through the planning.

9.5 Legal Implications, Access to Information and Call In

9.5.1 The need to deliver housing growth is a key priority as part of the Best Council Plan and related Breakthrough Project. Any subsequent related amendment to how housing growth is delivered needs to kept under review given these Council responsibilities, the threat of special measures from DCLG and the operation of the Presumption in Favour of Sustainable Development in the absence of a five year land supply, which removes local choice.

9.6 Risk Management

9.6.1 In addressing a number of key issues set out in this report, there is a need for the Site Allocations Plan to be adopted to supplement the Council's housing land supply. There are therefore risks of critical deadlines not being met, prolonged exposure to speculative housing applications challenging the Council's five year housing land supply position and risk of unplanned and uncoordinated development without a plan in place resulting in difficulties to co-ordinate and align investment decisions for infrastructure.

10. Conclusion

10.1 The purpose of this report has been to provide Development Plan Panel with an overview and update of housing land supply and delivery and progress made in relation to technical work and performance outputs.

11. Recommendation

11.1 Members’ views are invited on the report.