

Public Document Pack

Development Plan Panel 13th November 2018
Item 6 - Supplementary Pack

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Summary of final report of the independent review of build out rates (Rt. Hon Sir Oliver Letwin MP), October 2018

Summary of main issues

1. The final report of the Independent Review of Build Out Rates, chaired by Rt Hon Sir Oliver Letwin MP, was published alongside the Budget on 29 October 2018.
2. Following the draft analysis in June 2018, the review went on to focus on large sites (defined as >1,500 dwellings) in the south of England. The report concludes on this element only.
3. The review found no evidence that speculative land banking is part of the business model for major house builders, nor that this is a driver of slow build out rates.
4. The review concluded that *“the homogeneity of the types and tenures of the homes on offer on these sites, and the limits on the rate at which the market will absorb such homogenous products ... are the fundamental drivers of the slow rate of build out”*. It suggests that greater differentiation in the types and tenures of housing delivered on large sites would increase the market absorption rates of new homes.
5. To achieve this, the Review recommends new planning rules for large sites that require developers to offer a variety of property types, and suggests local authorities have a more muscular role in home building with the creation of European-style development companies that use master planners to shape developments. The government will respond to the review in full in February 2019.

Background

6. A review of build out rates was commissioned by the Chancellor of the Exchequer in Autumn 2017. A group of independent experts chaired by Rt Hon Sir Oliver Letwin MP investigated the rate at which planning permissions are built out looking 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”*.
7. Members will be aware that this is a familiar situation in Leeds with the ratio of planning approvals to completions currently at 9:1 (based on the Housing Land Monitor Report, March 2018). It is illustrative that this appears to be a nationwide trend.
8. The Council has raised build out as an issue in its recent responses to Government (including, the Housing White Paper and Revised NPPF) as well as in its defence of a five year housing land supply. Volume house builders tell us that they will work to an average of around 30 dwellings per year per outlet, whereas the Council has consistently encouraged up to 50 dwellings per outlet (which is borne out through monitoring of build out rates on all sites over 50 dwellings in Leeds).

Initial reaction / implications for Leeds

9. Housing diversity includes housing of different type, size and style, design and tenure mix. It also includes housing sold or let to specific groups such as older peoples housing and student accommodation and plots sold for custom or self-build. These are all principles embedded into the Leeds Core Strategy and their implementation was discussed at Scrutiny Board “Housing Mix” 2016; where actions to increase the housing mix on individual sites have been implemented. The Letwin Report re-affirms the need for specific implementation and monitoring on this aspect of housing delivery.
10. Whilst the Report recognises that a range of site sizes is necessary to meet housing needs, it is disappointing that the additional planning powers and legislation being proposed in the Report relates solely to sites over 1,500 dwellings. Although the report does note that proposals for planning changes are only recommended to apply initially to large sites there is no impetus for whether and when this might be extended to sites below 1,500 dwellings. This clearly limits the scope of the recommendations on different parts of the country and different housing markets.
11. The Letwin Report recognises that *“if either the major house builders themselves, or others, were to offer much more housing of varying types, designs and tenures including a high proportion of affordable housing, and if more distinctive settings, landscapes and streetscapes were provided on the large sites, and if the resulting variety matched appropriately the differing desires and financial capacities of the people wanting to live in each particular area of high housing demand, then the overall absorption rates – and hence the overall build out rates – could be substantially accelerated”*. This links with the Government’s launch of the “Building Better, Building Beautiful Commission” which will expand the debate on design quality and style and seeks to make the planning system work in support of better design and style, not against it
12. The report will directly apply to the delivery of the East Leeds Extension. The Council is currently using all of its powers to ensure that the delivery of circa 4,500 homes is accelerated. The Council is delivering the major infrastructure, in the form of ELOR, to facilitate the delivery of the site, in addition to appointing AECOM to produce a Masterplan for the site, as well as technical due diligence work. This is in addition to the ELE SPD that was adopted by the Council in August 2018. Consideration now needs to be given as to what further forward planning work may need to take place as a result of the Letwin Report.
13. It is also suggested that officers, as part of the programme of planning briefs and masterplans for larger SAP sites, consider how the proposals in the report may relate to larger sites in Leeds and whether the site threshold will affect discussions with developers on these important implementation issues. Further consideration will need to be given as to how the powers suggested in the report (a) making government funding conditional upon S106 agreement that specifies a mix of housing types; (b) creating masterplans and design codes to promote a mix of uses and rapid build out rates, (c) statutory powers for councils to compulsory purchase large sites at ten times their existing use value and (d) parcelling up of sites to particular types of builders/providers offering housing of different types and different tenures.
14. The Government is due to respond to the report in February 2019.