



SCRUTINY BOARD (REGENERATION)

Meeting to be held in the Civic Hall, Leeds on
Monday, 10th October, 2011 at 10.00 am

A pre-meeting will take place for ALL Members of the Board
in a Committee Room at 9.45 am

MEMBERSHIP

Councillors

- B Atha - Kirkstall;
- D Collins - Horsforth;
- P Ewens - Hyde Park and
Woodhouse;
- J Harper - Armley;
- G Hussain - Roundhay;
- M Iqbal - City and Hunslet;
- K Mitchell - Temple Newsam;
- T Murray - Garforth and
Swillington;
- J Procter (Chair) - Wetherby;
- R Pryke - Burmantofts and
Richmond Hill;
- G Wilkinson - Wetherby;
- Mr G Hall - Co-optee (Non-voting)

Please note: Certain or all items on this agenda may be recorded

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A G E N D A

Item No	Ward/Equal Opportunities	Item Not Open		Page No
1			<p>APPEALS AGAINST REFUSAL OF INSPECTION OF DOCUMENTS</p> <p>To consider any appeals in accordance with Procedure Rule 25* of the Access to Information Procedure Rules (in the event of an Appeal the press and public will be excluded).</p> <p>(* In accordance with Procedure Rule 25, notice of an appeal must be received in writing by the Head of Governance Services Officer at least 24 hours before the meeting).</p>	
2			<p>EXEMPT INFORMATION - POSSIBLE EXCLUSION OF THE PRESS AND PUBLIC</p> <p>1 To highlight reports or appendices which officers have identified as containing exempt information, and where officers consider that the public interest in maintaining the exemption outweighs the public interest in disclosing the information, for the reasons outlined in the report.</p> <p>2 To consider whether or not to accept the officers recommendation in respect of the above information.</p> <p>3 If so, to formally pass the following resolution:-</p> <p>RESOLVED – That the press and public be excluded from the meeting during consideration of the following parts of the agenda designated as containing exempt information on the grounds that it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press and public were present there would be disclosure to them of exempt information, as follows:-</p> <p>No exempt items or information have been identified on the agenda</p>	

3

LATE ITEMS

To identify items which have been admitted to the agenda by the Chair for consideration.

(The special circumstances shall be specified in the minutes.)

4

DECLARATIONS OF INTEREST

To declare any personal / prejudicial interests for the purpose of Section 81 (3) of the Local Government Act 2000 and paragraphs 8 to 12 of the Members Code of Conduct.

5

APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES

To receive any apologies for absence and notification of substitutes

6

INQUIRY ON HOUSING GROWTH - DRAFT FINAL REPORT AND RECOMMENDATIONS

To consider a report of the Head of Scrutiny and Member Development on the draft final report and recommendations in relation to the Board's Inquiry on Housing Growth.

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DATE AND TIME OF NEXT MEETING

Monday 31st October 2011 at 10.00am in the Civic Hall, Leeds (Pre-meeting for Board Members at 9.30am)

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Report of Head of Scrutiny and Member Development

Report to Scrutiny Board (Regeneration)

Date: 10th October 2011

Subject: Inquiry on Housing Growth – Draft Final Report & Recommendations

Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. At the request of the Executive Board on 22nd June 2011 Scrutiny Board undertook an inquiry on Housing Growth.
2. This inquiry has now been completed.

Recommendations

3. Members are asked to consider the Board's draft final report and recommendations following completion of its deliberations on this issue.

1.0 Introduction

- 1.1 Scrutiny Board (Regeneration) has now completed its inquiry on housing growth. The Board is now in a position to report on its findings and its conclusions and recommendations resulting from the evidence gathered.
- 1.2 A copy of the draft final report along with a summary of the evidence considered during the inquiry is attached for Members consideration.

2.0 Corporate Considerations

(a) Consultation and Engagement

- 2.1 Scrutiny Board Procedure Rule 13.2 states that "where a Scrutiny Board is considering making specific recommendations it shall invite advice from the appropriate Director(s) prior to finalising its recommendations. The Director shall consult with the appropriate Executive Member before providing any such advice. The detail of that advice shall be reported to the Scrutiny Board and considered before the report is finalised."
- 2.2 The Directors of City Development, Environment and Neighbourhoods and Resources have been consulted and their advice and comments will be submitted to Members prior to their consideration of their final report.
- 2.3 Where internal and external consultation processes have been undertaken with regard to this particular inquiry, details of any such consultation is referenced within the inquiry report.

(b) Equality and Diversity / Cohesion and Integration

- 2.4 Where consideration has been given to the impact on equality areas, as defined in the Council's Equality and Diversity Scheme, this will be referenced within the inquiry report.

(c) Council Policies and City Priorities

- 2.5 This section is not relevant to this report.

(d) Resources and Value for Money

- 2.6 Details of any significant resource and financial implications linked to the Scrutiny Inquiry will be referenced within the inquiry report.

(e) Legal Implications, Access to Information and Call In

- 2.7 This report does not contain any exempt or confidential information.

(f) Risk Management

- 2.8 This section is not relevant to this report.

3.0 Conclusions

- 3.1 Scrutiny Board (Regeneration) has now completed its inquiry on housing growth. The Board is now in a position to report on its findings and its conclusions and recommendations resulting from the evidence gathered.

4.0 Recommendations

- 4.1 Members are asked to consider the Board's draft final report and recommendations following completion of its deliberations on this issue.

5.0 Background documents

Detailed in the Board's draft final report and recommendations on housing growth

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Final Draft Report

Housing Growth Scrutiny Inquiry Report



Introduction and Scope

Introduction

1. The Executive Board at its meeting on 22nd June 2011 asked our Scrutiny Board (Regeneration) to undertake an inquiry to consider the population and household projection information including the land banking practices of developers that will underpin the Core Strategy on housing growth.
2. We agreed to undertake this inquiry as a matter of urgency in order to enable progress to be maintained according to the Core Strategy; with the outcomes of our review being completed in early October and submitted to the Executive Board in November 2011.
3. We established a Working Group comprising of all Members of the Board to undertake this inquiry.
4. We co-opted Mr George Hall; former Parish Councillor Barwick-in-Elmet & Scholes Parish Council as a Member of the Scrutiny Board and of the Working Group established for the period of this inquiry, without voting rights.
5. The context of and drivers for the inquiry are:
 - That this matter is included in the City Priority Plan and in the Scrutiny Board's terms of reference approved by Council.
 - The pronouncement by the Secretary of State regarding the intention to abolish regional strategies and in particular the Regional Spatial Strategy (RSS). The RSS required very high housing targets and the requirement of a 5 year land supply of deliverable sites and a series of challenges in the courts.
 - The fact that the Council has been unsuccessful in the latest of the appeals relating to Grimes Dyke, East Leeds determined by the Secretary of State. Little weight was attached to the Government's intention to abolish RSS and hence to the Council's arguments which relied on this change.
 - The Council has been found to have a shortfall in its 5 year land supply.
 - The publication by the Government of the draft National Planning Policy Framework and consultation document on 25th July 2011.
 - An update by GVA ; a private company, on the Strategic Housing Market Assessment (SHMA) in May 2011.
 - The Executive Board having agreed to the publication of a housing prospectus to stimulate debate about future housing growth in Leeds earlier this year. Informal consultation with a cross-section of interests will inform the progress of a Core Strategy in order to establish a new housing target and approach to delivery.
 - The Localism Bill
6. We consider that the scrutiny focus is timely and provides an opportunity to review the population and household projections and the targets for new homes being demanded by the government and to make recommendations to the Executive Board on this and other relevant issues.



Introduction and Scope

7. We were delighted that Mr S Quartermain, Chief Planner to the Department for Communities and Local Government accepted our invitation to give evidence to our inquiry .
significantly to improving the current process and contribute to a more robust and effective partnership with developers.
8. We are very grateful to everyone who gave their time to participate in this inquiry and for their commitment in helping us to understand and review this matter.
9. Arising from this inquiry we identified the need to undertake a further specific inquiry on developers and their delivery of affordable homes. This will commence in the autumn 2011.

Scope of the Inquiry

10. The scope of this inquiry is to review and report on the following:
 - within the context of national requirements and local evidence, explore the population and household projection information which underpins the emerging Local Development Framework (LDF) Core Strategy.
 - housing and the City Region.
 - on the land banking practices of developers.

Anticipated Service Impact

11. We hope that the Scrutiny Board has contributed to a better understanding of the key issues for housing growth at this critical time. We have made a number of suggestions and recommendations to the Executive Board which we believe if implemented, would contribute



Conclusions and Recommendations

Local Development Process for Housing

12. We were provided with a flowchart which explained the local development process for housing (see flowchart and glossary of terms at the end of our report).
13. It was stated to us that as a consequence of the Planning and Compulsory Purchase Act (2004) Leeds Unitary Development Plan (UDP) will gradually be replaced by a Local Development Framework (LDF).
14. The LDF will set out policies and proposals to guide development in Leeds and will assist in the delivery of the city's Community Strategy, "The Vision for Leeds".
15. The Core Strategy is the principal document within the Local Development Framework. The role of the Core Strategy is to set an overall strategy for the scale, type and distribution of housing in the city. The Core Strategy will set out the Council's vision for the future development of Leeds over the next 20 years.
16. Under the LDF transitional arrangements, policies in the UDP are 'saved' for an initial period of 3 years or until they are replaced by LDF policies and documents.
17. We were informed that the LDF must also take account of national Planning Policy Statements, legislation and regulations, as well as regional and local strategies and plans, such as the Regional Spatial Strategy for Yorkshire and Humber and the West Yorkshire Local Transport Plan 2.
18. We were advised that the Local Development Framework (LDF) is not a single document, but rather a portfolio of documents which can be revised and updated individually. This approach is intended to allow greater flexibility for local authorities in responding to changing circumstances.
19. We learned that the LDF consists of two types of documents:
 - Development Plan Documents (DPDs):*

These are documents which local authorities are required to prepare and are subject to rigorous procedures of community involvement, consultation and Independent Examination. DPDs include the Core Strategy, site specific allocations of land and where appropriate, Area Action Plans.

Supplementary Planning Documents (SPDs):

SPDs are intended to elaborate upon the policy and proposals in DPDs. They deal with specific issues affecting the whole city or are specific to a particular area. SPDs have a shorter consultation period than DPDs and are not subject to independent examination.
20. We were informed that ideally the Core Strategy would be prepared in advance of other LDF documents. However, due to the desire to progress priority areas for regeneration (identified in the UDP review) through a series of LDF Area Action Plans (the City Centre, Aire Valley Leeds, East and South East Leeds and the West Leeds Gateway) and slippage with regard to the preparation of the Yorkshire & Humber Plan (the Regional Spatial Strategy), this has not been possible. Emerging work on the Core Strategy and issues arising from the early stages of consultation on the Area Action Plans, have been used to inform the preparation of LDF documents in the round.



Conclusions and Recommendations

21. All LDF documents must be informed by an “Evidence Base”. For housing this includes the Strategic Housing Land Availability Assessment (SHLAA) and the Strategic Housing Market Assessment (SHMA). These technical studies are informed by National Guidance namely SHLAA (July 2007) and SHMA (August 2007). The Core Strategy will set out its priorities for where new housing should be built to meet the housing target.
22. This will be followed by a “Site Allocations” plan to identify a range of sites for land uses including housing. As a consequence of the Cala judgment (see glossary) until the law changes the Core Strategy must be prepared to be in general conformity with the Regional Spatial Strategy (RSS) until it is formally abolished.
23. We were advised that the Council’s Core Strategy, which will replace the Unitary Development Plan (UDP), is going through the stages of preparation
- Issues and alternative options (2007)
 - Preferred approach (2009)
 - Publication (Autumn 2011)
 - Submission (Spring 2012)
 - Examination (Summer 2012)
 - Adoption (Autumn 2012)
24. We noted that the LDF is an evolved process. Firstly the formal submission is signed off by full council and then sent to the Secretary of State who will then submit it to public examination. After this it will be fact checked before going back to full council for formal adoption.
25. We asked officers to explain what the Regional Spatial Strategy (RSS) was and the difficulties which have arisen as a consequence of Government intervention.
26. Officers informed us that the Yorkshire and Humber Plan is the current Regional Spatial Strategy for the Yorkshire and Humber Region under the UDP. It was issued in May 2008. However, Leeds opposed this strategy.
27. The current Regional Spatial Strategy includes a broad development strategy for the region, setting out regional priorities in terms of location and scale of development, including:
- Economic development
 - Housing
 - Transport and communications
 - The environment (including water, minerals and waste, energy generation and use)
 - Tourism and leisure
 - Urban and rural regeneration
28. When the RSS was published the housing target went up for Leeds from an annual average of 1930 units gross to 4740 units per annum. At the same time national guidance required that local authorities can at all times demonstrate the availability of supply of housing land that is five times the RSS requirement. Not only was there a step change in the requirement but the changing economic climate has meant that sites that might have previously counted towards supply are no longer included as they are now unlikely to be built within the next 5 years. National guidance suggests that where a 5 year supply cannot be demonstrated then proposals should be favorably considered.
29. The new coalition Government signaled its intent to rapidly abolish RSS and its housing targets. The Secretary of State advised local authorities and planning inspectors that they must take this into account as a material consideration. On 6th July 2010 the



Conclusions and Recommendations

Secretary of State formally revoked RSS in a parliamentary statement.

30. This created an expectation that there was flexibility to set aside regional targets and introduce an alternative that better reflected local circumstances. The Council determined to introduce an interim housing target as a temporary replacement for RSS pending the development of its Core Strategy. However, a judgment stated that:-

“It would be unlawful for a local planning authority preparing, or a planning inspector examining, development plan documents to have regard to the proposal to abolish regional strategies.”

31. We then learned there was a judgment against the Secretary of State in November 2010 which determined that his action was unlawful and quashed the action to revoke RSS. There then followed a period of confusion as the Council's position was challenged through a series of court cases stemming from the Council's refusal of planning permission for residential development on a number of greenfield housing allocations and Council appeals against the courts decisions.
32. Officers then referred to the fact that despite changes in the planning context a series of planning inspectors have consistently given weight to national planning priorities with little or no support for any arguments advanced by the Council. Individual inspectors and the Secretary of State have ruled against the Council and were consistent in their views on the weaknesses of the Council's case.
33. National guidance states that in determining planning applications, local planning authorities should consider

whether a 5 year supply of housing land is available. It is clear from the appeal decisions that little or no weight can be attached to the Council's proposed interim target. This has therefore been withdrawn.

34. We then reviewed the evidence on which the annual housing target for Leeds had been based.

Population and Household Projections for the City & SHMA

35. We met with representatives from the company GVA who were engaged by the Council to update the Strategic Housing Market Assessment (SHMA) on population and household projections in the city. This was published in May 2011. This report represents an update to the 2007 SHMA, utilising secondary data sources and following the methodology set out in the DCLG practice guidance version 2 'SHMA' August 2007. We were informed that their findings of this research will be used to inform the development of the Leeds' Local Development Framework (LDF), including the Core Strategy. We looked at net and gross house building in Leeds (as set out in Appendix 1), stocks of planning permissions and completions of units 1991 to 2011 (Appendix 2) and outstanding capacity at 31st March 2011.
36. We challenged the accuracy of the available data and it was pointed out by GVA that there is no population register and that there is a reliance on the ten year census which makes it very difficult to have up to date and accurate data. Births, deaths, internal and external migration, immigration and fertility rates have serious implications for the development of future polices. The estimated population of Leeds in 2010 was 797,000. It is predicted using the Department for Communities and Local Government (DCLG)



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household model that in 2026 the official trend led projection will be 937,000 and in 2033 1 million. **However, the internal migration and emigration figures are not robust and it is recommended that the 2033 figure be adjusted down to 868,000 on the evidence presented.**

Recommendation 1

That dependent upon the outcome of the 2011 Census the Executive Board make representations to the Department for Communities and Local Government (DCLG) that in order to achieve greater accuracy in the data provided by the Office for National Statistics a population register should be introduced.

37. We asked if all authorities use the DCLG household model which allows raw data to be put in for a city. It was explained that there is one household model for each local authority, based on the 2001 census. In Leeds this is calibrated to local statistics. We were informed that organisations have in the past been reluctant to challenge the Office for National Statistics figures, but Leeds needs to do this as local authorities have more accurate local figures. We noted that in this year's SHMA update, Leeds departed from the DCLG/ONS model in a number of key areas. We asked if we would be allowed to move away from the DCLG household model altogether. **We were advised that Greater Manchester moved away from the CLG household model around 5 years ago, and this has never been challenged.**

38. We noted that it was recognised that there are significant demographic changes in the population and that demand for smaller units would increase with an aging population although

demand would vary from community to community for a range of reasons. The current stock is 8% one bedroom, 54% two bedroom 27% three bedroom and 10% four bedroom.

Recommendation 2

That the Director of Environment and Neighbourhoods consider whether there would be an advantage in moving away from the DCLG household model altogether and relying on local data which would be more accurate in determining housing need.

That the Director of Environment and Neighbourhoods report back to this Scrutiny Board on the outcome within 3 months of its report being published.

39. We asked for the number of current housing starts and what the highest number of starts there had been in any one year. Officers responded that there are currently around 60/70 unit starts a month. The total need figure recommended in the SHMA which takes into account the economic ambitions of the Council as well as the demographic trends is 4,929 units gross per annum. This includes the draft National Planning Policy Framework (NPPF) recommendation of a 5 year supply plus 20%. The RSS target is currently 4,300 net units a year (there needs to be 4,500 builds to take into account demolitions). In the past year there have been 1,600, the highest was 3,800 (2007/2008); so even in boom years the target has never been met. On this basis we questioned whether the target of 4,500 plus units per annum was realistic when delivery is outside the Council's control and dependent on developers who had to deliver this number of units in the current economic climate.



Conclusions and Recommendations

40. We noted that the number of planning permissions that have been granted are for over 20,000 units which equates to our 5 year supply but building completions in year end 2011 were only around 1,500 units.
41. We noted that the recent appeals have demonstrated how setting a requirement that is not robust and sound will be treated by Inspectors. Nevertheless we feel the target figure using the current business model cannot be achieved and should be challenged.
42. We also noted that the draft National Planning Policy Framework states 'that the Government's key housing objective is to increase significantly the delivery of new homes. Everyone should have the opportunity to live in high quality well designed homes, which they can afford, in a community where they want to live. This means increasing the housing supply, delivering a wide choice of high quality homes were people want to live widening opportunities for home ownership and creating sustainable inclusive mixed communities including through the regeneration and renewal of areas of poor housing. To enable this the planning system should aim to deliver a sufficient quantity quality and range of housing consistent with the land use principles and other policies of this framework'. The Government is to introduce a new presumption in favour of sustainable development, so that the default answer to development is "yes".
43. The difficulties faced with the housing appeals and the potential need for a different approach add weight to progress the Core Strategy. The only way for the Council is to effectively establish a new approach that should include a new housing target, phasing links between Brownfield and Greenfield and spatial distribution.
44. We acknowledged that deciding on how many houses are needed and where these are best located should come through a step by step process beginning with a dialogue between communities and house builders and investors based on evidence and principles that are widely agreed and trusted. The Executive Board agreed a consultation prospectus in June 2011. The outcome of this consultation will not be available until October 2011.
45. We noted the Government's Localism Bill identifies how local communities can be involved and help to meet local needs and other strategic housing and employment objectives which requires a change to the current model operated by the Council.
46. We noted that the recent Cala II judgment has confirmed that 'it would be unlawful for a local planning authority preparing, or a Planning Inspector examining, development plan documents to have regard to the proposal to abolish regional strategies'. Consequently, in planning the Core Strategy, the Council is working on the basis that the plan will need to be in general conformity with RSS, taking into consideration up to date evidence. From 2004 – 2011, Leeds has had a shortfall of house building of 1523 units, if based on the RSS requirement. There are 15 years left in RSS, which means that an additional 102 units per annum must be added to the annual average if Leeds is to reach the RSS requirement. This brings the annual requirement up to 4402, and the five year requirement rests at 22,010 units.
47. The 2010 Annual Monitoring Report identified that the five year supply of land which was expected to be built between 2011 - 2016 was 12,466 units. This figure included 2500 'windfall' units, which inspectors have been reluctant to accept as part of the five year supply. Excluding windfall the five year supply figure for Leeds is approximately 9,966 units.



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48. Based on the supply position, the Council's Executive Board agreed to release Phase 2 and 3 housing allocations in the UDP at its meeting on 22 June, subject to proposals coming forward being acceptable in planning terms. These are greenfield sites that should be attractive to the market if house building starts to recover and provide capacity for up to 7611 units. In seeking to tackle longer term housing land supply issues, the Council is continuing to progress the Core Strategy with a view to preparing a publication document by December 2011, to establish a new housing target and approach to delivery.

49. We strongly oppose the proposal by the NPPF that requires an additional 20% over and above the figure required in the 5 year supply of housing units to be delivered per annum. This proposal would require sites to come forward at an earlier stage and thereby undermine the Council's policy to develop Brownfield sites in the city.

Recommendation 3

That the Executive Board oppose the proposal of the National Planning Policy Framework that requires an additional 20% over an above the figure required in the five year supply of housing units to be delivered per annum in the city. Their proposal would mean sites coming forward at an earlier stage and could undermine the Council's policy to develop its Brownfield sites.

50. We discussed the possibility of recommending that the total annual build figure be proportionally divided to meet

the specific areas of need identified in the SHMA e.g. open market, affordable homes and sheltered accommodation but acknowledge the difficulties this would create. However, we think it would be appropriate to place a requirement on house builders to meet a predicted annual need under each of the SHMA categories.

Recommendation 4

That the Directors of City Development and Environment and Neighbourhoods continue to inform housing providers of the predicted annual needs under each of the SHMA categories for each part of the city in terms of type and location.

Strategic Housing Land Availability Assessment (SHLAA)

51. We spent a considerable amount of time examining the development and preparation of SHLAA which was based on National Practice Guidance and aimed to be robust enough to be used as evidence in planning appeals on development proposals and examinations of Local Development Framework documents. We considered a range of documents which had been provided to us to give us some understanding of the nature of the exercise, the methodology and the way the SHLAA Partnership was being expected to operate.

52. We received a briefing paper on the reporting mechanisms that monitor housing development and steps to identify future housing land supply. It was noted that PPS3 requires the Council to look forward and identify where future housing units are to be



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delivered and this is done by developing a 5 year supply (FYS).

53. We noted that in order for a housing unit to contribute to FYS there must be reasonable certainty that the unit will be completed in the FYS. A housing unit cannot be included in the 5 year FYS solely because it's got planning permission. Therefore an assessment of sites/units beyond planning permission alone is required and this is done through the Strategic Housing Land Availability Assessment.
54. We had concerns as to whether members of the SHLAA Partnership applied rigor to the process and challenged developers when agreeing the sites to be developed and the number of affordable homes to be included. We suggested that SHLAA accepts whatever the developers tell us. We were told this was not the case and that there was an agreed process and methodology in the approach which is based on trends as to what has been achieved in Leeds to date. Members suggested that it was all about what can be achieved in 5 years time and on past performance only delivering half of what is required. The housing target has never been met.
55. We asked who the onus was on to complete these planning consents. It was confirmed to us that it was up to the developer to complete the permissions. However in determining the expected number of housing units that will complete in five years, it is supposed to be collaborative between the Council and developers through the SHLAA. It was pointed out that at the recent planning appeals developers were saying that they could not deliver on many of these sites (with planning permission) because of the current economic climate. We suggested the Council should be taking a more robust approach with developers to start on sites where planning approvals already exist. However, we accept that the situation is a challenging one. The Council is very much dependent upon house builders delivering the homes which are needed. It will require the house building industry to work proactively and responsibility in partnership with the Council and other agencies to achieve the targets which are set.
56. Reference was made to the fact that the methodology used in developing the SHLA partnership was agreed in 2008 at a time before the housing crunch and developers and mortgage lenders had now become much more risk averse.
57. We referred to the inquiry at Churchfield Boston Spa where Taylor Wimpey were on record as saying that mortgage lending was not a problem but clearly the Homes and Community Agency (HCA) on the evidence presented to us think this is a significant problem. We asked what evidence was available on this issue? It was suggested that it was first time buyers who were struggling to secure mortgages and as a consequence developers want to build high value properties aimed at those who already have equity in a property and can meet the deposit required by a lender.
58. We asked how many sites that went to appeal have now started. Officers stated to us that in a number of cases detailed plans have come forward, so progress is being made, but no onsite building has begun on any of the sites appealed against. Developers later in this report put their case forward as to why this is a slow process (see paragraph 87 onwards).
59. We asked what is the total number of sites identified in the SHLAA which fall into the category of "Ldf to determine" and what is the total number of dwellings within this



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category? We also asked which sites have policy constraints or sustainability issues. The details of the officers responses are set out in Appendix 5.

60. We were informed that SHLAA has now included smaller sites in its deliberations but developers seem to be opposed to this change.
61. We heard that since adjustments had been made to the process members of the SHLAA Partnership consider that the process is working as well as it can but the partnership can only take it so far and cannot deliver irrespective of market conditions.
62. We noted that inspectors have accepted the robustness of the SHLAA process.
63. We were concerned that developers are telling the Homes and Community Agency (HCA) that they are not building houses because they cannot sell them. Yet they told inspectors at all the recent housing appeals that it was the lack of land supply that was holding things up and they could sell everything they built. The fact is house builders have potential to build 21,000 dwellings tied up in outstanding planning permissions, which would be almost equivalent to a five year housing supply. We took the view that developers have no intention of building on many of the available sites with planning approval in the short and medium term.
64. We recognised that the new Planning Framework and the Government's desire to build new homes will make things more difficult for the local authority. It will be difficult to develop some sites unless incentives by way of subsidy can be offered to developers. It is particularly challenging for the Council to deliver many of its objectives for the

regeneration of sites and employment when it does not build its own houses

65. We feel that there is considerable mistrust between the Council and developers and question whether SHLAA is robust enough to press developers to deliver on sites where planning approvals are already in place.

Recommendation 5

That the Director of City Development consider whether through the SHLAA partnership or other mechanism; developers can be encouraged through incentives to deliver on sites where planning approvals have been granted and there are no technical reasons for these not to be progressed.

Recommendation 6

That the Director of City Development undertake a fundamental review of the SHLAA partnership by 31st December 2011 and before the preparation of the site allocation plan and that a report be submitted to Scrutiny Board (Regeneration) on the outcome.

66. As Chair of the Scrutiny Board I expressed concern as to how the former Yorkshire and Humberside Regional Assembly had approached its housing strategy compared to the northwest where housing provision was prioritised away from Manchester in towns like Macclesfield which needed substantial regeneration. **This was particularly of concern when cities like Wakefield and Barnsley had offered to build and regenerate over their housing**



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quota to help Leeds meet its targets.

There are also a number of other areas within the Yorkshire and Humberside region that are over their housing quota. We strongly support that Leeds should be allowed to engage with other authorities to help meet Leeds housing targets. Moreover we understand that the additional housing supply in Wakefield and Barnsley is not being counted in anybody's figures as their core strategies are in 'a different place' to Leeds. We suggest that the Leeds City Regional Partnership should as a matter of urgency agree a method by which over provision of housing supply should be counted and added to authorities who are unable to meet their housing targets in the region.

67. We noted that in North Merseyside they have recognised this issue and have looked at the overall demand in the area, and what proportions can be absorbed by neighbouring authorities. We understand it is not an easy study but it was being relied on to determine core strategies.

Recommendation 7
That the Leeds City Region Partnership be asked to consider through their work on a City Region Strategy Statement, that where a local authority makes either an over or under provision of new homes above or below locally evidenced targets, that both these circumstances are taken into account in arriving at the overall scale of provision of new homes in the city region. These arrangements for the provision of new homes is to be agreed through the Leaders Board of the Partnership and incorporated into each authorities' Core Strategy in the city region.

Windfall Sites

68. In considering the conditions applied to the development of a 5 year supply (FYS) referred to earlier in this report we noted that 'windfalls' cannot be included in the FYS.
69. We noted that the term 'windfall' is used differently by different people, and is often used loosely to mean any site which is not allocated in a development plan document. However, we were advised that the relevant national planning guidance (PPS3:Housing) contains a definition of windfalls which makes it clear that windfalls are 'sites which have not been specifically identified as available in the local plan process – they comprise previously developed land that has unexpectedly become available'. This makes it clear that any site which is specifically identified in the development plan making process – such as the SHLAA – is not a windfall. Likewise, sites which come forward within an identified broad location within a settlement are not windfalls either because they are not unexpected. Accordingly, the more comprehensive the coverage of the SHLAA is, the less need, or scope, there is for windfall sites.
70. There are two routes by which land is brought forward for housing development. Either it is identified as allocated for that purpose in development plan documents prepared by the local planning authority, or it is presented through the planning application process by landowners and developers as windfall. Windfall is a regular, mainstream source of supply.
71. Windfall supply overwhelmingly consists of plentiful small brownfield sites. 98% of capacity since 1991 had been on brownfield sites, 67% of which were under 0.4 hectares. There has been an average of around 100 new windfall sites per year given permission between 2001 and 2008, which has reduced to 45 sites in 2010/11. Small numbers of



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larger sites, however, account for the bulk of capacity many of which have formerly been in industrial or commercial use.

72. The largest source of windfall is in large urban areas where the scope for change of land use is greater.
73. We noted that in Leeds, windfall has been monitored continuously since the 1980s and for much of this time has been more important than the development plan route as a source of land. Between mid 1991 and mid 2000, before the revision of PPG3, windfall sites already accounted for 56% of new permissions. The brownfield priority introduced in 2000 greatly increased that dominance. In the September 2010 department's report, windfall had generated 88% of new permissions since mid 2000 and 96% since mid 2005, which has now dropped to 86% since mid 2001 and 84% since mid 2006.
74. Annual windfall totals since 1991 are shown in Appendix 4 for sites in the City Centre, in the rest of the main urban area and outside the urban area as defined in the UDP Review. The figures given are for permissions that were live at the reporting date or had been implemented. Dwellings are assigned to the year in which permission was first given on each site. Averages are given for the whole period and for before and after 2001.
75. Appendix 4 shows that since 1991 windfall permissions have averaged 2401 units per year. The figures before and after mid 2001 are distinctly different. Before mid 2001 windfall averaged 1150 per year and afterwards it increased to 3652 per year, not far short of the RSS dwelling requirement. However, there was quite a sharp drop in the 9 months following June 2008 as a result of the

housing market decline which resulted in the year total for 2008/09 as the lowest since PPG3 was published in 2000.

76. Analysis of the figures by area shows that a large part of the post 2001 rise was accounted for by sites in the City Centre. Permissions rose to an average of approximately 1600 per year in the period 2000 to 2009. This yearly average has now dropped to 1201 per year for the period 2001 to 2011, which signals a shift away from the City Centre housing proposals.
77. There has also been significant growth in windfall permissions outside the City Centre. In this area, windfall has always been an important feature of the land market, with permissions averaging 865 per year even before 2001. The post 2001 figure stands at 2451 dwellings but has seen a recent decline having risen to an average of around 2500 in 2008.
78. We took the view that such windfall sites should count against the Council's annual target for delivery of units per annum.
79. We noted that PPS3 is clear that allowances for windfalls should not be included in the first ten years of land supply unless the Local Planning Authority can provide robust evidence of genuine local circumstances that 'prevent' specific sites from being identified. It would appear from an extract of an inspector's examination of South Oxfordshire Core Strategy in April 2011 that "an allowance has been made for delivery through unallocated sites. Its strategy does not identify specific sites for 1,060 dwellings representing 24% of the residual outstanding balance of 4,400 after completions and current commitments". The inspector states that "more significantly South Oxford's Core Strategy clearly does not expect or require the future Site Allocations DPD (SADPD) to do so. The total number of windfalls relied upon in years 5 -10 of the strategy, contrary



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to PPS3 – appears to be 530.’ He goes on to say that it is not apparent why specific sites cannot be identified yet 530 windfall sites, including Greenfield sites are relied upon in some of the first ten years’.

80. There was a discussion regarding inclusion of windfall and smaller sites in the FYP. The view was expressed that windfall sites should be included in the 5 year figures. The Co-opted Member stated that SHLAA is now considering smaller sites, but developers are not keen to include these in the SHLAA. We took the view that time could be saved in appeals if smaller sites and windfall sites were included in forecasting, even though this would mean more officer capacity required at the beginning of the process.

81. We referred to the House of Commons Hansard of 5th September 2011 where Mr S Andrew MP asked the Parliamentary Under Secretary for Communities and Local Government whether the Minister would look again at counting windfall sites in the Council’s five year plan. The Parliamentary Under Secretary responded that “it is certainly proper for local planning authorities to take into account windfall sites, but it is also necessary for every planning authority to ensure that it has sound evidenced based proposals for housing in particular....”

82. Mr A Shelbrooke MP at the same session urged the Minister of State, Department for Communities and Local Government “ to work more closely with Councils on publishing more guidance and setting out how to build a strong evidence base in order to include windfall sites, so that Leeds City Council can stand up in the planning courts and use the 2.3 years of windfall supply as part of

the current five year supply, because at the moment, it is losing on every appeal.”

Recommendation 8

That the Director of City Development

- **Continue to make representations to the Secretary of State for Communities and Local Government to count windfall sites within the Council’s five year housing land supply.**
- **Seek to establish principles within the Council’s Core Strategy that support this outcome .**
- **Seek to include student accommodation within windfall sites.**
- **Write to all Members of Parliament providing a clear and uncomplicated explanation of the principle issues of concern so that MPs can continue to press the Leeds case with Ministers, Senior Civic Servants and other interested parties . A copy of the Director’s letter to MPs also to be circulated to all Members of Council.**

Localism Bill

83. We discussed the implications of the Localism Bill and the involvement of local communities in the planning process and the development of sites within the various wards of the city.

84. We felt very strongly that this should be something that is incorporated into the new business model. We suggested to officers that further work needed to be undertaken in this respect



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to ensure communities are engaged in and could have some influence on the location of future housing developments within the various wards of the city.

85. We were concerned that the Localism Bill does not require developers to engage with local communities including Town and Parish Councils about many significant proposals which will affect the future of those communities. We raised this with the Government's Chief Planner who advised us that there was a proposed amendment to the Bill that will make it compulsory for developers to consult with communities for developments of over 250 dwellings. We consider that this number should be substantially reduced and the categories of development widened as even a small development can have a significant effect on a community.

Recommendation 9

- (a) That the Directors of City Development and Environment and Neighbourhoods undertake some initial work to identify ways in which the engagement and influence of local communities could be achieved under the Localism Bill.**
- (b) That Executive Board make appropriate representations concerning the Bill that will require developers to consult with local communities including Town and Parish Councils where developments exceed more than 50 dwellings.**

Land Banking

86. Developers told us that they feel that the market in Leeds, or rather the supply of housing in Leeds over recent years, has been skewed by the planning policies of the city in limiting the nature of sites that have been available to come forward. This has led to the recent appeals and the intent to commence development of these sites. They stated that they were just three of a whole range of developers who want to build houses in the city and they feel that there is an underlying demand even in the current conditions and are progressing applications and also involved with the Local Development Framework in terms of long term supply of land as well. They stated that Leeds is the largest district in the region, it is a driver of the region, and it's an area in which we all want to continue to be involved.

87. Developers told us that the nature of Leeds as they see it is a very mixed market, different places, different markets, they're not necessarily interrelated so that if you're developing in one part of the city that has no effect whatsoever on another part of the city. They are quite separate markets and the issue for them at the end of the day is can they sell the houses. They are not house builders but house sellers. They build across the range and it does not matter to them where land is, it's where there's an opportunity, an opportunity to fill and where's there's a market need which in Leeds from the population projections is huge.

88. We were informed that developers take the view that the market is sound, certain market segments are more difficult than others but there is equilibrium within the marketplace at the moment but that balancing point is significantly lower than it probably was in the beginning of 2005, 2006. When they work with local authorities and they look at projected housing completion rates they would have budgeted for something like sale



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rates of one unit per week 5/6 years ago. They are now budgeting for sales at a rate of 0.6 unit a week or 2.4 houses a month which is consistent with a 40% reduction in capacity. That is in part a function of the current market and in part a function of current funding. However, the optimistic note is that the rate of aborted sales, that is those people who commence the sales and then drop out as they change their mind or encounter escalated price or they can't get a mortgage is actually running at a lower level so we have stability but it's stability that is at a level that is about 40% lower than where they were at the peak of the market.

89. We suggested to developers that just in terms of housing supply and the targets that Leeds is expected to fulfil they would agree that there's no hope of achieving those targets of 4,300 houses per annum when nationally there's a 40% reduction in terms of what is being taken up.

90. Developers responded that what has happened with the market over the last few years has been exceptional but housing supply is very much a long term process, for them and to take an interest in land to be involved in the planning process; be that in the policy through the Local Development Framework or obtaining planning consents takes some considerable time. When they get consent for a site they told us they don't just build all the houses and expect them to be delivered over a short period of time. They expect that sales rate to gradually increase so that they could build 4000/4500 houses per annum and sell them a year as of today, which would be a struggle, but we could certainly build many more houses in Leeds if they had the right variety of sites.

91. We responded to the developers that there are always concerns amongst politicians that development companies obtain consents, sit on the sites, and don't build them out. We asked what is the scale of their landholdings in the city, and in the region, and of that what's the scale of land that you're sitting on with valid consents?

92. Developers responded that what they want is an opportunity to build but the current process prevents opportunity and as a consequence they have little chance of actually achieving the sort of numbers that are actually needed.

93. We were told that in 2007 Barratt bought David Wilson Homes. The combined output of those two companies at purchase was 22000 units per year nationwide. To the end of June 2011 they produced 11000 units. They are therefore operating at half capacity and in 2007 were planning for an increase of 10% per annum. They know that Leeds wants to go up a league but the current process constrains them from achieving the targets which are set. We were told that in terms of their landholding they have five sites in Leeds which are operational, none that are not operational that have not been built on. The total units on the five sites is 1000 but that's not the annual output because they are producing so many units a year. In the pipeline they have about 250 units of consents where they need to discharge the conditions or seek other approvals. We were told they are not being sat on; they're just going through the process. They feel they could produce 30 market units a year to sell from a site with possibly 6, 7 or even 10 affordable units in that number. Operating from 5, 6 or 7 sites would increase the number of units coming on line. that would be a normal sort of production – if you work generously on 40 units a year, per site then we could deliver 280 units a year which is only a fraction; possibly 10% of the total output of the city.



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94. Taylor Wimpey stated that in 2007 they completed 22000 units per annum nationwide and at their half year results issued at the end of June 2011 we're on a rate of 11000 a year and take the view that the worst is behind us and confident for the future with an investment structure in place and a programme for future development. They have three sites in current production in Leeds 2 at Middleton and 1 at Pudsey. The two Middleton sites were on loan which were originally owned by the local authority and passed through to a development company, quotes from those sites at the moment are 92 units per annum cumulatively but the Middleton sites do not deliver much social housing so if you were doing it in a normal ratio of social housing and private housing you would be at a higher output.

95. The three sites have 364 units which suggest that they have a 4 year output at current sales rates on those three schemes. They have three schemes which they have outline approval granted at appeal, at Allerton Bywater, Whinmoor which they share with Persimmon, and Boston Spa. The Allerton Bywater approval of reserve matters is imminent and reserve matters are being worked up for Whinmoor. At Boston Spa they don't have to seek approval of reserve matters as it was a full application, in a conservation area. They then follow through with discharge of conditions and commencement on site.

96. All of those schemes we were told are looking for construction commencement around the beginning of 2012. They have 5 sites in their strategic land bank with regard to Leeds, and if they survive the core strategy process they look to deliver on these sites 2014/2015. These sites are at Cookridge, East Ardsley,

Poole, Otley and the East Leeds Urban Extension. They have one frozen scheme at Greenbank in Leeds which was originally consented for 850 units. The consent has been extended up until 2015 and they are in the process of renegotiation and preparing a fresh planning application for a revised scheme of 500 units.

97. Persimmon Homes stated that like Taylor Wimpey, they have land in East Leeds; in total that could provide around 4000 houses and have perhaps in total interests in this site of just under 30% of that total. They have just one active site in Leeds at the moment in Swarcliffe. They have got applications in or pre-application discussions on a further 4 sites, and total in total about 500

98. Developers do not accept the charge by Members that they often gain planning consent for sites and then do not develop them. They need outlets to build houses and sell them. The more outlets they have the more opportunity they have to obtain sales. The number of sales they can get off any one site per annum is between 30 and 35 so the more sites you have, the wider the market and the more flexibility and greater choice there is. The commercial imperative is that they can't afford to sit on land and do nothing with it. It becomes an asset and they have to use that asset. They stated that some larger sites because of the infrastructures costs mean that they may sell that land to other developers which can slow down the process. In very large sites part of the site may not be developed for some considerable time as blocks of land are developed in phases. So there will be occasional situations where through different circumstances land isn't developed but they must rare indeed, so at the moment, even though the market is, as they stated, much quieter than it was there is still a requirement on developers to buy new sites and to bring new sites forward for development.



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99. We referred to the substantial landholdings that Taylor Woodrow had for how many years in Cookridge adjacent to the Moseley Woods and all of the farmland that stretches beyond the Moseley Woods which was retained in their ownership for further usage. So in terms of developers owning substantial stretches of land, that is clear to us and indeed are often revealed in the developers annual accounts. So they do own substantial tracks of land in the city. The Council does not build houses and therefore the targets which are set, whatever they might be are dependent on the developers and they have to work in the planning process that applies, in terms of land acquisition and buying land at the right price and submitting planning applications and meeting S106 obligations and the like.
100. Developers responded concerning the land in Cookridge and pointed out that this land is in a protected area of search. There needs to be a differentiation between land in which developers have an interest and land where they apply for planning consent. Undoubtedly developers own land and they have options on a lot of land, and yes they are promoting it for development but they would only bring it a proposal forward if they thought there was a good opportunity to receive planning consent. The Council's policy against releasing allocated sites for quite a number of years has only very recently changed after the whole range of appeal decisions. They utterly refute the suggestion that where planning consent has been obtained they would sit on it and do nothing. They did accept that they do have land interests beyond land with planning consent, and that's land that they are seeking to bring forward in order to protect and provide a supply for development.
101. It was pointed out to us that there have been three inquiries into land banking nationally: there was the Barker Report, the Calcott Report, and more latterly in 2008 the Office of Fair Trading (OFT). They stated to us that the Office of Fair Trading was not a friend at of the house building industry, but the OFT concluded on land banking that:
- “The homebuilding industry which owns a significant land bank does not appear to systematically hoard land with implementable planning permission.”
102. We referred to the 21000 live consents in this city that are not being progressed because we suspect that there isn't the liquidity in the mortgage market for people to purchase those homes. As the developers have stated at the outset of our discussions, they are home sellers as opposed to homebuilders and whilst the supply is there in the 21000, the demand clearly isn't, otherwise as home sellers they would be constructing and selling those 21000 units.
103. Developers stated to us that many of the 21000 units with planning consent are not necessarily implementable. There are 9,800 units with detailed planning consents and of those about 1900 are actually under construction, but not complete. So if there are 2.5 times more sites with planning consents than there are under construction then a good half of that 9800 are actually part of those sites. The rest of them may well be in the process, have got the detailed consent but are discharging conditions. So the vast majority of those detailed consents are not being held up by developers. They suggest that the hold up is the consents in the Leeds city centre, for multi-storey developments, for which there is now no market and substantial replans have got to



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- take place if that land is going to come forward at all.
104. We asked why there had been so little activity on the recent housing appeal sites.
105. Persimmon responded that the first one at Yeadon that was allowed on appeal they are doing the detailed application, as the consent was an outline application. They need a reserved matters application which provides the detail because they can only build off a detailed consent or reserved matters consent, not the outline. So there is a time lag in that process, there are also pre-application discussions with the Council to be had. The Grimes Dyke decision, which was a joint appeal, Persimmon and Taylor Wimpey expect to put a fresh application in by the end of the year. The consents that have been granted aren't consents to build, they're just outline. Yeadon was the first one, and they will be feeding through houses in the next 9 months.
106. Developers referred to the 21000 planning consents and their view that a high number are made up of city centre high rise apartments. A PhD student has suggested that of the applicants that submitted applications for the high-rise developments, in the last 3 years 22% of them have gone bankrupt so these will not be delivered. High-rise apartments are the most difficult to sell even before the market crash as people can't borrow money on them. A lot of provision is in high density developments in the city centre as flats.
107. We pointed out that at the Grimes Dyke inquiry the Inspector noted that Persimmon had a 6.7 year land bank, and at the time the developer did not dispute that.
108. Persimmon responded that at a national level in 2007 they completed 16,000 houses. In 2010 they completed 9000 houses. When the housing market collapsed, the amount of land they had in 2007 to maintain supply would have been about 3.5 years supply, and the drop in completions, if nothing else changed, has resulted in 6.7 year supply in 2010. It does not mean that they will stop building. They are actively looking for new sites. In 2008 when the market did collapse they did mothball a number of sites they admitted because they weren't selling houses. Now what do they do? Do they keep building houses if they're not being sold? Swarcliffe, was kept running because they were still selling houses.
109. We stated that the fact of the matter is that it is the developers who control the timing of all of those matters discussed and indeed most volume house builders are careful as to when they incur the costs, for purchasing the land, incur the costs of a planning application, incur the costs of discharging those conditions and so it's a known and a recognised model. Our concern is the driver of that model and effectively you can't have it both ways. You can't say your not selling houses and we're home sellers so we will slow the pace of construction and at the same time argue that if we could get another 30 sites lets have them, because the two don't sit together.
110. Developers responded that they are not masters of their own destiny. The obtaining of planning consent is hard work, and the experience over the last 18 months in Leeds has proven that. Any window of opportunity to get a consent they will take. They are in the market and want more outlets. It was stressed by Persimmon Homes of the three developers they have only one active site in Leeds and are trying to obtain a consent on another four and are wanting to press ahead with an application in East Leeds, that would



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be a fifth one. They cannot see realistically that they would be in a position to ever have control of 30 sites in Leeds or even 10 sites but they do want to have more outlets. Leeds is the biggest district in Yorkshire, it's one of the most attractive districts in which to build.

111. We asked what's the point of having those additional markets if they are not selling the houses?
112. Developers suggested that we were missing the point in that they used to sell 16000 houses a year, they now sell 9000, but they are still selling houses. They are selling them at a slower rate than they want to. They would like to increase the rate of the sales, and in order to maintain the rate of sales and increase the rate of sales they require additional outlets but they won't be selling them at a fantastic rate.
113. We stated that the follow-on position is that in terms of achieving the targets here in Leeds, developers accept that they are the people who have to achieve those targets, because they are the people who are selling the houses, not the city council. We grant the consents and allocate the land, but in terms of achieving those targets, this will not happen because if developers have another thirty sites, by their own admission, they would still be selling houses, but they won't be constructing them in the volume to meet those targets?
114. Developers responded that they will be selling houses at the rate that the market can cope with but they need a sufficient land supply because of the planning process and the time it takes to obtain the necessary consents and to operate from a number of sites that provide a wide mix of housing and choice
115. We suggested again that in this current climate the volume house builders combined cannot satisfy the targets that might be set because the liquidity simply isn't there in the mortgage market to satisfy that and even at the peak of delivery in this city we were well under the target to be delivered. So if that is the backdrop, no matter what the availability of land is they still can't make the target.
116. A developer responded that Leeds is viewed as strong within the regional economy and therefore has housing need and also has a purchasing power which is better on average of the comparable districts that they operate in. Whilst not putting all their eggs in one basket they would want to invest in Leeds. They would want to maintain their current market share and increase their number of outlets and increase the rate of output and if the rest of the industry replicated that or they have new entrants into the market they could get close to a 4000 figure, and they looked at their span of management control and the additional resources that they need and the capital availability which they had, and they felt comfortable that they could operate just internally at that sort of level. They accepted that sales in 2008/2009/2010 were poor but if we look at the forward forecasting with regard to demographic growth and relative projection of capital availability and other matters the market models which they see suggests that there will be an uplift in price, and sales rate, kicking in 2012 (South of England), 2013/2014/2015 within Leeds as a strong provincial marketplace.
117. We consider that the experience of Council Members over the years has led to a degree of mistrust and misunderstanding between developers and the Council which needs to be addressed. It supports our proposal set out in recommendation 3 of our report for the development a new creative business model that meets our targets and protects the Green Belt wherever possible.



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118. We remain concerned despite assurances that there does appear to be a number of consents where developers appear not to be progressing sites and supports our recommendation 4.
119. We discussed employment and business growth, and whether this could match the housing figure targets. It was suggested that the Council should review whether it wished to continue to encourage growth in the city or whether it should discourage expansion which would reduce pressure on its infrastructure and reduce housing demand and provide employment for its existing population. Leeds has traditionally wanted 'everything' – unlimited economic growth which means unlimited housing growth, with a strong focus on highly qualified sectors meaning there is a lack of low paid unskilled work for Leeds residents. It was agreed that there was a lot of contradiction in the city priorities, and that necessary changes and political direction is sometimes not communicated well.

Recommendation 10

That the Executive Board

- **support the view that growth and infrastructure provision in the city must go hand in hand with the development of a new business model which incorporates the new Community Infrastructure levy (CIL) and new procedures for determining and developing strategic projects in the city region and support for significant local schemes in Leeds .**
- **Agree that a significant proportion of the income to be raised through the CIL be ring fenced for the benefit of local communities with the balance being directed into a general fund to support city and**

120. We subsequently received a joint letter from the developers who gave evidence to us during our inquiry. They consider that there would be substantial value in setting up a working group between the Council, developers and representatives of neighbourhoods and/or parish Councils. We agree that this would be beneficial to all parties concerned to further explore and help us all understand each others concerns.



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Recommendation 11

That the Director of City Development establish a working group comprising appropriate members, officers, developers, representatives of neighbourhoods, HCA and Town and Parish Councils to promote better understanding of each others issues and concerns regarding housing provision in the city.

Recommendation 12

That the Director of City Development write to the Secretary of State for Communities and Local Government expressing the Board's concerns that the home building industry has an abundance of planning consents but chooses not to implement them whilst pressing the case for the release of Greenfield and Greenbelt sites and thereby neglecting the development of inner city sites where need is greatest.

Land Banking Our View

121. We heard from developers who gave evidence to our inquiry rigorously refute any suggestion that they land banked. They spent a considerable amount of time explaining to us the commercial imperatives they had to get on and build on sites once planning approval had been obtained. They pointed out to us that there had been three national inquiries into land banking (please refer to paragraph 101 of our report) and the latest by the Office of Fair Trading (OFT) found that despite the home building industry owning a significant land bank the industry did not appear to systematically hoard land with implementable planning permission. However, they do control the mechanisms of supply as it can be many months or years before a site is developed and the conditions met and discharged. We feel their approach to be misleading by stating they do not land bank and yet have gone to appeal on 12 recent planning applications in the city which has cost the Council in excess of 1.2m in costs.

Chief Planner DCLG

122. A delegation from our Board met with the Chief Planner for the Department for Communities and Local Government in London on 15th September 2011.
123. We expressed our concerns about a range of proposals in the draft National Policy Framework including the default position and the lack of definition of sustainable development, the loss of the presumption in favour of development of brownfield sites and the absence of a windfall allowance in calculating future housing land supply and the consequences of these changes on the Council. We received little comfort from his responses.
124. We did not receive a definition of what the Government means by sustainability nor any reassurance that student accommodation could count in the number of dwellings required to be built as had previously been the case.



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Affordable Homes

125. We received and discussed as part of this inquiry a number of briefing papers on affordable homes and how these are provided and funded in new developments. We concluded that this would be better dealt with as a separate inquiry. We asked for suitable terms of reference to be prepared for consideration at our Board meeting on 27th September 2011 which should include the Community Infrastructure Levies (CIL) which will supersede Section 106 agreements.



Evidence

Monitoring arrangements

Standard arrangements for monitoring the outcome of the Board's recommendations will apply.

The decision-makers to whom the recommendations are addressed will be asked to submit a formal response to the recommendations, including an action plan and timetable, normally within two months.

Following this the Scrutiny Board will determine any further detailed monitoring, over and above the standard quarterly monitoring of all scrutiny recommendations.

Reports and Publications Submitted

Reports of the Director of City Development on Housing Appeals – Implications of the Secretary of States decision relating to land at Grimes Dyke, East Leeds (Executive Board 22nd June 2011), High Court decision and Issues arising from the proposed abolition of the Regional Spatial Strategy and regional housing targets (Executive Board 21st July 2010)

Letter from the Home Builders Federation dated 16th August 2010

Flowchart on the Local Development Framework planning process for housing

A comprehensive map with notations from the UDP which included planning application sites across the city and a map specific to the release of sites in phases 2 and 3

Housing land monitoring published by the City Development Directorate, monthly edition March 2011 issue.

Windfall Allowance South Oxfordshire Core Strategy

Briefing note by Director of Environment and Neighbourhoods on housing delivery and the route by which affordable homes are delivered

Briefing note by Data Team, City Development Directorate on reporting mechanisms for monitoring housing development and steps to identify future housing land supply

Briefing notes by Leeds City Region Partnership on housing and the city region and core strategies

Extract from House of Lords Hansard 7th July 2011 on the Localism Bill – Government delay in publishing the draft national planning policy framework

Schedule showing the current position regarding phases 2 & 3 of the greenfield housing appeal sites in Leeds



Evidence

Reports and Publications Submitted (continued)

Extract of evidence given by the appellant at the Scarcroft appeal which was allowed by the planning inspectorate

GVA final report Leeds Strategic Housing Market Assessment Update final May 2011

Information on the Leeds Strategic Housing Land Availability Assessments:

Practice Guidance document SO1

Draft agenda SHLAA 8th September 2008 document SO2

Project plan document SO3

Project programme document SO4

Database information categories document SO5

Draft terms of reference for the Partnership Group document SO6

Notification letter of a "call to sites" document SO7

Site proposal form document SO8

Mailing list "call to sites" document SO9

Notes of Partnership meeting held on 8th September 2008 document S10

Details of various site document S11

Meeting conclusions on sites considered document S12

Agenda Partnership meeting 28th April 2009 document S13

Notes of Partnership meeting held on 28th April 2009 document S14

Progress on identified sites document S15

Note of the meeting of the Leeds SHLAA held on 5th January and 8th June 2011 &

Note of a meeting with the Chief Planner DCLG 15th September 2011

Briefing note by the Director of Environment and Neighbourhoods providing examples of affordable housing that had been provided on recent developments.

Briefing note by the Director of City Development on the accumulated money in the commuted sums pot

Briefing note by the Director of City Development on an assessment of the viability check undertaken by the SHLAA to determine when each site was likely to deliver units.

A copy of the personal response of the Co-opted Member to the Director of City Development following an invitation for him to attend a workshop to consider 'Exploring the housing growth in Leeds'.

A House of Commons briefing note to Members of Parliament obtained from the internet on housing targets and planning

A copy of the draft National Planning Policy Framework and Consultation documents which sets out the direction of future national planning policy published on 25th July 2011

House of Commons Hansard Debates 5th September 2011



Evidence

Witnesses Heard

Councillor P. Gruen, Executive Board Member, Neighbourhoods, Housing and Regeneration

Councillor R. Lewis, Executive Board Member, Development and the Economy

Councillor N Taggart, current Chair of SHLAA

Councillor B Anderson, former Chair of SHLAA

Mr S Quartermain, Chief Planner, Department for Communities & Local Government

Mr R Laming, Director GVA

Mr A Pollard, GVA

Dr P Bowden (PB), Edge Analytics

Mr N Parkar, Head of Area, Housing

Mr K. George, Group Head of Planning, Taylor Wimpey

Mr J. Kirkam, Strategic Land and Planning Director, Persimmon

Mr R Donson, Group Planning Director, Barratts Homes

Mr Huw Jones, Strategy and Consultancy Manager Representing re'new / Leeds Housing Partnership

Mr S. Speak, Deputy Director of Planning, City Development Directorate

Mr D. Feeney, Head of Forward Planning and Implementation, City Development Directorate

Mr R Coghlan, Planning Policy Team leader, City Development Directorate

Ms C. Addison, Acting Chief Asset Management Officer, Environment & Neighbourhoods Directorate

Ms M. Gjessing (MG), Housing Investment Manager, Environment & Neighbourhoods Directorate

Ms M. Godsell (MG), Affordable Housing Manager, Environment & Neighbourhoods Directorate

Ms C. Walker, Project Manager, Business Intelligence, Planning, Policy and Improvement Directorate

Ms S Morse, Programme Delivery Manager, Environment & Neighbourhoods Directorate

Mr A. Haig, Regional Policy Team, Planning, Policy and Improvement Directorate

Ms L. Peter, Forward Planning & Implementation Team, City Development Directorate

Mr M Brook, Senior Planner, Data, City Development Directorate and Ms R Wasse, Senior Land Manager Barratt Homes both in attendance



Evidence

Dates of Scrutiny

28th June 2011 Scrutiny Board (Regeneration)

6th July 2011 Scrutiny Board (Regeneration) Working Group

13th July 2011 Scrutiny Board (Regeneration) Working Group

11th August 2011 Scrutiny Board (Regeneration) Working Group

17th August 2011 Scrutiny Board (Regeneration) Working Group

15th September 2011 Scrutiny Board (Regeneration) Working Group meeting with Chief Planner, DCLG, London

10th October 2011 Scrutiny Board (Regeneration)



Appendix 1

Net and gross housebuilding in Leeds

Financial year	Gross building*			Housing loss*	Net building	RSS annual average net additions
	On PDL	% PDL*	Total			
2004-5	2704	92	2924	291	2633	2260
2005-6	3555	96	3694	258	3436	2260
2006-7	3428	97	3538	211	3327	2260
2007-8	3515	92	3833	257	3576	2260
2008-9	3787	95	3976	148	3828	4300
2009-10	2341	93	2518	281	2238	4300
2010-11	1408	90	1564	140	1379	4300
Total	20738	94	22047	1586	20417	21940
Last 4 quarters						
Apr - Jun 2010	604	96	630			
Jul - Sept 2010	240	76	316			
Oct - Dec 2010	244	92	266			
Jan - Mar 2011	320	91	352			
Annual averages to March 2011						
Last 10 years	2896	94	2983			
Last 5 years	2725	91	3086			

Source : Leeds City Development & Regional Spatial Strategy

*Gross housebuilding includes new build completions plus the net gain from the conversion of existing dwellings and other formerly non-residential buildings to residential use.

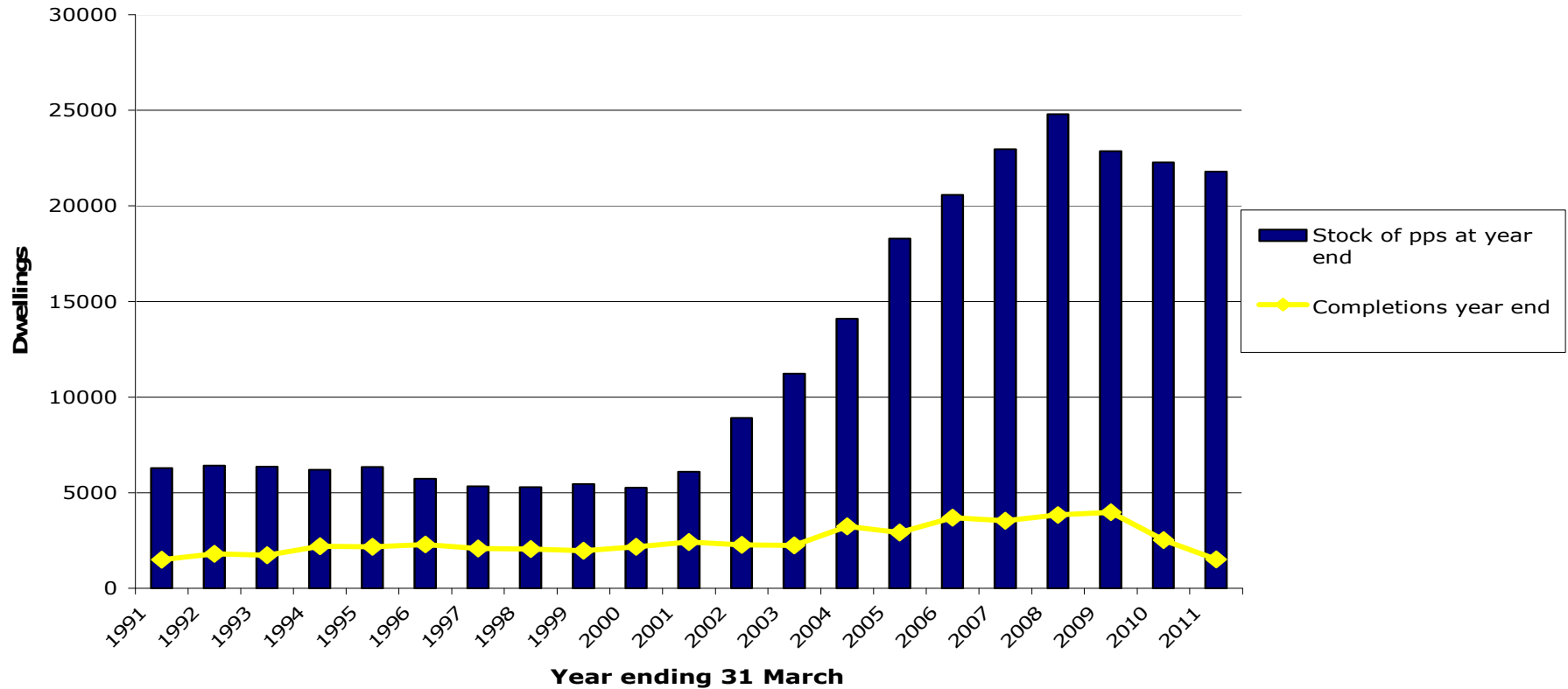
*PDL is previously developed brownfield land.

*Housing loss includes dwellings demolished or converted to non residential use.



Appendix 2

Stocks of planning permissions and completions 1991-2011





Appendix 3

Outstanding capacity at 31 March 2011

Site	Planning Permission			Development Status		Previous Use		Total
	None	Outline	Detailed	Under con	Not yet started	B'field	G'field	
H4 city centre	0	3003	2306	146	5163	5309	0	5309
H4 rest of MUA	0	6437	5346	1246	10462	11492	291	11783
H4 outside MUA	0	142	930	155	911	870	202	1066
Total	0	9582	8582	1547	16536	17671	493	18158
H3-1	266	149	3160	365	3210	2932	643	3575
H3-2	1641	51	11	0	1703	11	1692	1703
H3-3	5659	197	52	7	5901	0	5908	5908
Total	7566	397	3223	372	10814	2943	8243	11186
Total land	7566	9979	11805	1919	27350	20589	8736	29344



Appendix 4

H4 windfall dwelling permissions

Mid-year	City Centre			Rest of urban area			Outside urban area			Outside City Centre			All locations		Total
	Brown	Green	All	Brown	Green	All	Brown	Green	All	Brown	Green	All	Brown	Green	
1991-2	0	0	0	1048	170	1218	37	99	136	1085	269	1354	1085	269	1354
1992-3	0	0	0	447	62	509	69	43	112	516	105	621	516	105	621
1993-4	0	0	0	510	31	541	195	40	235	705	71	776	705	71	776
1994-5	7	0	7	478	104	582	35	109	144	513	213	726	520	213	733
1995-6	21	0	21	327	5	332	145	43	188	472	48	520	493	48	541
1996-7	54	0	54	621	163	784	99	27	126	720	190	910	774	190	964
1997-8	88	0	88	494	30	524	46	165	211	540	195	735	628	195	823
1998-9	572	0	572	499	184	683	196	56	252	695	240	935	1267	240	1507
1999-2000	1310	0	1310	920	31	951	351	0	351	1271	31	1302	2581	31	2612
2000-1	803	0	803	558	33	591	109	70	179	667	103	770	1470	103	1573
2001-2	2532	0	2532	1046	228	1274	760	28	788	1806	256	2062	4338	256	4594
2002-3	1506	0	1506	1752	120	1872	152	19	171	1904	139	2043	3410	139	3549
2003-4	1006	0	1006	2643	17	2660	453	15	468	3096	32	3128	4102	32	4134
2004-5	1887	0	1887	1852	8	1860	896	0	896	2748	8	2756	4635	8	4643
2005-6	1274	0	1274	1639	64	1703	264	12	276	1903	76	1979	3177	76	3253
2006-7	1562	0	1562	1922	13	1935	124	0	124	2046	13	2059	3608	13	3621
2007-8	1433	0	1433	2873		2873	90	11	101	2963	11	2974	4396	11	4407
2008-9	92	0	92	2129	74	2203	47	9	56	2176	83	2259	2268	83	2351
2009-10	714	0	714	2220	14	2234	26	25	51	2246	39	2285	2960	39	2999
2010-11	5	0	5	2774	11	2785	45	134	179	2819	145	2964	2824	145	2969
2011-12*	0	0	0	79	0	79	0	0	0	79	0	79	79	0	79
Total	14866	0	14866	26831	1362	28193	4139	905	5044	30970	2267	33237	45836	2267	48103



Appendix 4

Annual Averages

1991-2001	286	0	286	590	81	672	128	65	193	718	147	865	1004	147	1150
1991-2011	743	0	743	1338	68	1406	207	45	252	1545	113	1658	2288	113	2401
2001-2011	1201	0	1201	2085	55	2140	286	25	311	2371	80	2451	3572	80	3652

*to 31st March 2011

The sites are grouped by Review plan policy below.

H4	Unallocated sites with permission in the City Centre
H4	Unallocated sites with permission in the rest of the Main & Smaller Urban areas
H4	Unallocated sites with permission outside the Main & Smaller Urban areas
H3-1	Phase 1 allocations
H3-2	Phase 2 allocations
H3-3	Phase 3 allocations



APPENDIX 5

SHLAA

Statistics Provided in Response to Questions detailed in paragraph 60 of this report

Total sites and dwellings in LDF to determine category = 500 sites, 136251 dwellings. This compares with 44 sites 1729 dwellings for "no", 347 sites 19560 dwellings for "yes" and 26 sites 3784 dwellings for "yes with physical issues"

Of the total SHLAA sites (917) and dwellings (161,324) we have the following totals for different categories:

- Green Belt 313 sites, 88137 dwellings
- Special Landscape Area 71 sites, 17992 dwellings
- Urban Green Corridors 50 sites, 13871 dwellings
- UDP Minerals protection areas 6 sites, 789 dwellings
- Natural Resources & Waste DPD protection areas 1 site, 0 dwellings
- Public Transport Accessibility (meets RSS minimum standard) 603 sites, 105632 dwellings
- Nature Conservation (near SEGI, LNAs etc), 26 sites, 16831 dwellings

Flood Risk

- Zone 2 33 sites, 6707 dwellings
- Zone 3ai 47 sites, 6732 dwellings
- Zone 3aii 28 sites, 6585 dwellings
- Zone 3b 9 sites, 155 dwellings

Greenspace

- N1 40 sites 7184 dwellings
- N1a 3 sites 123 dwellings
- N5 15 sites, 4581 dwellings
- N6 32 sites, 2234 dwellings

Access to facilities (1 bad, 4 good)

- zone 1 55 sites, 8393 dwellings
- zone 2 21 sites 2858 dwellings
- zone 3 470 sites 98395 dwellings
- zone 4 358 sites 44058 dwellings

Of the total SHLAA sites that are LDF to determine (500) and dwellings (136251) we have the following totals:

- Green Belt 268 sites, 85911 dwellings
- SLA 62 sites, 17710 dwellings
- UGC 35 sites, 12167 dwellings
- UDP Minerals 2 sites, 789 dwellings
- NR&W Minerals 0 sites, 0 dwellings
- Public Transport Accessibility 284 sites, 83108 dwellings
- Nature Cons 18 sites, 15899 dwellings

Flood Risk

- Z2 30 sites 6645 dwellings
- Z3ai 35 sites 6022 dwellings
- Z3aii 26 sites 6523 dwellings
- Z3b 3 sites 149 dwellings

Greenspace

- N1 20 sites 4168 dwellings
- N1a 3 sites 123 dwellings
- N5 13 sites 4521 dwellings
- N6 17 sites 1493 dwellings

Accessibility zones (1 = bad, 4 = good)

- Z1 35 sites 7491 dwellings
- Z2 13 sites 2018 dwellings
- Z3 316 sites 93038 dwellings
- Z4 129 sites 27682 dwellings

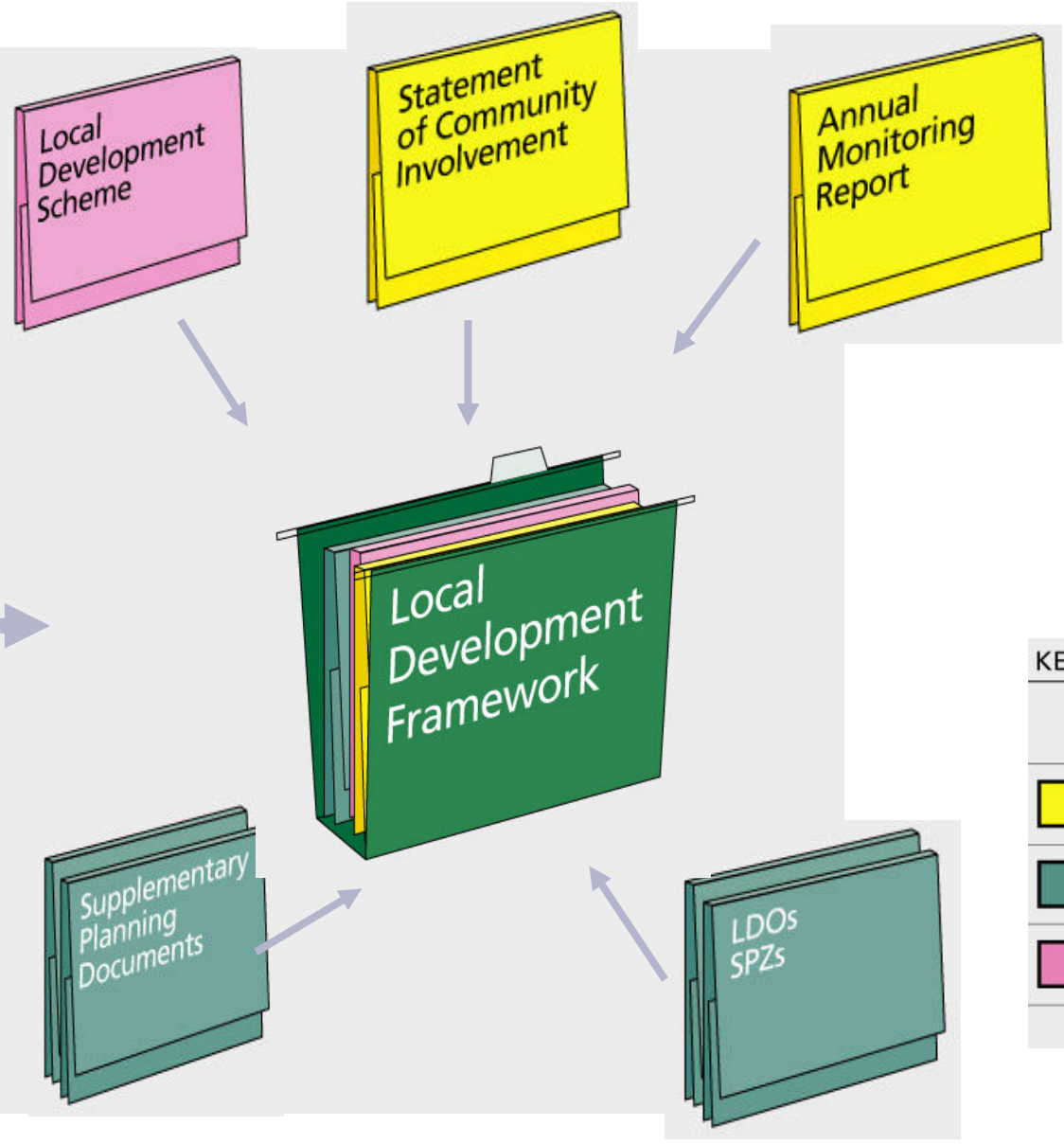





Glossary

Cala Homes	A legal challenge in the High Court (see Executive Board report 22 nd June 2011 for details)
CIL	Community Infrastructure Levy
DCLG	Department for Communities and Local Government
DPDs	Development Plan Documents
FYS	Five year housing supply
GVA	The company who updated the 2007 SHMA
HCA	Homes and Community Agency
LDF	Local Development Framework
NPPF	National Planning Policy Framework
RSS	Regional Spatial Strategy
SHLAA	Strategic Housing Land Availability Assessments
SHMA	Strategic Housing Market Assessment
SPDs	Supplementary Planning Documents
UDP	Unitary Development Plan

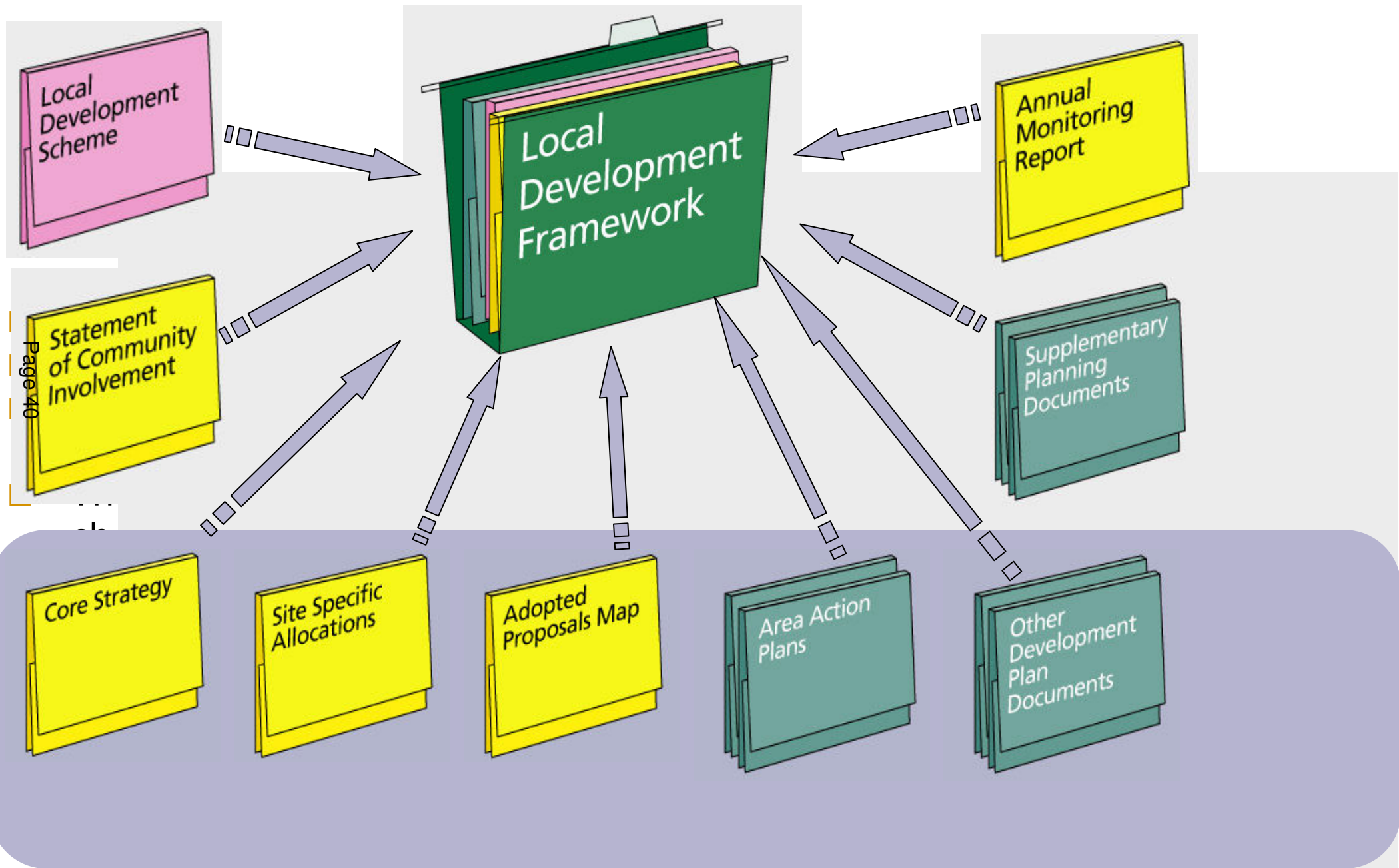
The Development Plan

DEVELOPMENT PLAN DOCUMENTS



KEY	
	Required
	Optional
	Project Plan

The Local Development Framework



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