



Agenda:

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Report of the Director of City Development

Executive Board

Date: 16 August 2010

Subject: Home Builders Federation

Electoral Wards Affected:

All

Ward Members consulted
(referred to in report)

Specific Implications For:

Equality and Diversity

Community Cohesion

Narrowing the Gap

Eligible for Call In

Not Eligible for Call In

(Details contained in the report)

EXECUTIVE SUMMARY

1. Executive Board of 21 July 2010 considered a report on the implications of the Secretary of State Communities and Local Government's decision to revoke the Regional Spatial Strategy.
2. A letter received from the Home Builders Federation (HBF) late the previous day was circulated at the meeting. However, Members considered that this correspondence was too detailed to be considered at short notice. Members instructed that the matters raised by the HBF be brought to a future meeting of the Board.
3. This report reviews the HBF letter of the 20 July but recommends that Members confirm the interim housing target of 2260pa provisionally agreed at the previous meeting.

1.0 Purpose of this Report

- 1.1 At the Executive Board meeting on 21 July Members considered a report on issues arising from the abolition of the Regional Spatial Strategy (RSS) and regional housing targets. Members agreed to provisionally adopt an alternative interim housing target of 2260pa net. At that meeting a letter was circulated from the Home Buildings Federation (HBF) which had been received the previous afternoon and which raised a number of concerns with the approach taken in the Executive Board report. Members felt that there was too much information in the HBF letter to consider at such short notice and requested that the issues raised be brought back for further consideration at a future meeting. That is the purpose of this report.
- 1.2 It is proposed that this report be exempt from Call-In. As the previous report noted there are a number of undetermined planning appeals pending. In particular a public inquiry relating to land at Allerton Bywater is due to commence on 23 August. It is important to ensure that the Council's position on these issues is established as soon as possible and certainly in advance of this inquiry.
- 1.3 This is a Key Decision. However, the urgency that has given rise to the need for this to be considered at a special meeting of the Executive Board, referred to in paragraph 1.2, means that it has not been possible to include it in the Forward Plan.

2.0 Background Information

- 2.1 The background to current housing land issues and appeals is set out in the previous report to the Executive Board, a copy of which is attached. The essential feature giving rise to these reports is the decision of the Secretary of State, communities and Local Government on 6 July to formally revoke RSS. The Council's proposed stance in response to this change is set out in the report of 21 July. The letter from the HBF of 20 July (copy attached) sets out what it describes as a "counter-position" and requests that this is submitted for the Board's attention.

3.0 Main Issues

- 3.1 The HBF letter addresses a number of detailed factors that it considers are important to the debate on housing numbers. These are considered later in this report but there are a number of general points that need to be made first.
- 3.2 The HBF suggest that the purpose of the Executive Board report is "to establish a new interim housing target in order to prevent the release of the phase 2 and phase 3 greenfield sites rather than addressing the needs of the citizens of Leeds". This is incorrect. The Secretary of State's statement to Parliament makes clear that imposed central targets are to be replaced. He also refers to advice to local planning authorities. This is contained in a letter from the Chief Planning CLG also issued on 6 July, the purpose of which is to provide advice on "how local planning authorities can continue to bring forward their local development frameworks (LDFs); and make planning decisions in the transitional period". This letter says very clearly that it is local planning authorities that will be responsible for establishing the right level of housing provision in their area. This represents a significant change in approach as the Coalition Government are clear that the determination of the housing requirement is no longer "top down". The 6th July letter advises that authorities may decide to retain existing targets or that they may be reviewed.

- 3.3 Given this authority's long standing and very clearly expressed concerns with the RSS targets it would have been somewhat perverse if given the opportunity for review, it had not been taken. The previous report to Executive Board provided the "quick signal" of the intention to review that the Chief Planner's advice required.
- 3.4 In these circumstances and with RSS targets removed it was important to establish an interim target for the purpose of decision making, as the advice suggests. The Executive Board report therefore sought to address the two fundamental matters raised by the Secretary of State and the Chief Planner; it established an intention to review housing targets; and it provided the necessary interim target against which to determine applications.
- 3.5 It appears that the HBF letter is also somewhat confused on the Council's intentions. In paragraph 17 it suggests that "The report advocates a new twenty year housing target". (this same paragraph also confuses net and gross provision). In paragraph 34 it goes on to state that the Council's report makes the mistake of believing that "local Council's can avoid planning for housing delivery".
- 3.6 It is the HBF that is mistaken. The Executive Board report makes clear that it is establishing an interim position only and recognises the need for longer term planning. The proposed interim target would remain in place until replaced by an alternative approved through the development plan process. This seems to be entirely consistent with the Secretary of State's advice to Parliament in which he says that revocation. "will make local spatial plans, drawn up in conformity with national policy, the basis for local planning decisions". He refers in particular to LDF Core Strategies and other Development Plan Documents. The Council is continuing to progress its LDF documents. The approach of using an interim target allows for the new target to be established through the formal planning route, taking account of all the evidence (including that of the HBF) but with the input of the local community that the new government's policy regards as essential. At the development plan stage the evidence and information from other stakeholders; including local community groups will make an important contribution to determining the final housing figure. The new regime to arrive at the final housing figure is to be much more inclusive and much more locally focussed. It will no longer be a closed debate between the council, the regional body and the housebuilding industry.

Economic Benefits

- 3.7 Turning now to some of the more detailed points raised by the HBF. It refers to the economic benefits of house building. Whilst this is recognised it is felt that the position is over-stated. In the current climate of low demand, with restricted and expensive mortgages and job insecurity it is unlikely that high numbers of houses will be built. The benefits from increased house building of reversing high house prices, reducing household debt, increased labour mobility and boosting employment /GDP are only likely to be realised when the housing market recovers.

Population Projections and Housing Need

- 3.8 The HBF letter also addresses the issues of population projections and housing need. Population projections produced by ONS rely on trend data, extrapolating trends over the last 5 years. This approach has been subject to some concern given that circumstances have changed considerably such that projecting forward over the next 20 year based on recent high levels of immigration and significant economic growth is questionable. Current ONS projections suggest an average growth rate of 10,000 people/yr over the next 5 years although population growth

has only twice exceeded this since 2001. It should also be noted that this annual rate is about the same as total growth throughout the 10 year period from 1991/2001. The University of Leeds has also produced population projections using a different methodology and this produces results that are up to 100,000 lower than ONS in the period to 2026.

- 3.9 Population projections are therefore a matter of some considerable uncertainty and debate. This also applies to a range of other factors that will affect decisions on housing need. The forecasts referred to by the HBF anticipate growth in excess of that which underpinned the revoked RSS targets. Forecasts of household formation are only one factor. On the delivery side recent housing starts have been running at about 80/month and current employment forecasts are for an increase of 1624 FTEs in 2010/11. RSS suggested annual job growth of over 6,000 per year throughout the period to 2026. Current conditions are particularly relevant to the interim, short-term position and the figure of 2260pa might even be regarded as ambitious in these circumstances.

Financial Incentives

- 3.10 The HBF letter also draws attention to the government's intention to build more houses and to support this by means of a financial incentive. Local authority budgets will be top-sliced but with the government promising to match council tax (125% for affordable houses) for 6 years on every new home completed. This is clearly an important ingredient in the debate. However, it will be noted that of itself it bears no relation to housing need but will be a factor to be weighed in the balance alongside others, such as the views of local communities. This may be an argument for a different approach to housing land release but it is not directly relevant to whether or not 2260pa is an appropriate target.

Infrastructure

- 3.11 The Council has long been concerned that the scale of development envisaged in RSS would not be matched by the appropriate level of infrastructure investment. The current position on public sector investment only serves to heighten that concern. The HBF suggest that it is contrary to policy for developers to be expected to make good deficits in investment. However guidance on planning obligations clearly allows this where proposals would exacerbate existing problems. In some cases new provision can be jointly funded. It is therefore entirely reasonable to conclude that the prospect of inadequate infrastructure delivery is a relevant factor. It will be noted that Infrastructure Delivery Plans remain an important component of the LDF system.

Regeneration

- 3.12 The HBF refer to the Council's concerns regarding regeneration. Again this is not a factor that directly relates to the development of an interim target. The Council's concerns are more related to the planning appeal process and a view that the release of Greenfield sites will see only those sites developed, particularly in times of limited demand. The HBF letter suggests that developers will look elsewhere if unable to develop Greenfield sites in Leeds. This would seem to support the view that allowing Greenfield development will result in investment by-passing those areas most in need.

Voids

- 3.13 The HBF suggest that the Executive Board report was misleading on the issue of voids. The report highlighted the fact that long term voids have increased over the past few years. Distribution is uneven but concentrations can have an adverse effect on communities affecting the value and desirability of the housing stock and impacting on local businesses. It is important not to add to this cycle of decline by directing investment away from these areas.

4.0 Implications for Council Policy and Governance

- 4.1 The Council's approach to RSS policy and targets have been the subject of a number of resolutions to Council. The reports to Executive Board are seeking to respond to the changed national context with the revocation of RSS. There are no particular issues of governance.

5.0 Legal and Resource Implications

- 5.1 The only implications are considered to be the normal costs and risks associated with the planning appeals.

6.0 Conclusions

- 6.1 It is considered that the HBF has misunderstood the purpose of the Executive Board report. The report signals the Council's intention to review the RSS housing target and to establish an interim target for the purpose of decision making on applications and at appeal. In doing so it is entirely consistent with government policy as set out by the Secretary of State and the Chief Planner at CLG. The report is clear that the Council recognises the need to establish a longer-term approach through the formal plan-making process. In this respect the Council is continuing its LDF programme.
- 6.2 The HBF letter raises numerous issues. The Council agrees that there will be a continuing need for new homes, including family dwellings and affordable housing. The Council is currently reviewing its Strategic Housing Market Assessment as part of its evidence base for establishing a target in the LDF. This broader assessment will need to include many of the considerations highlighted by the HBF, although as this report highlights changing economic conditions mean that they are open to debate. Indeed some factors such as the housing incentive and planning obligations do not bear directly on housing numbers.
- 6.3 Overall the points raised by the HBF do not give cause to alter the interim housing target provisionally agreed by the Executive Board. It is important to recognise that this is only an interim figure and that many of the HBFs points will need to be addressed in setting figures formally through the LDF.

7.0 Recommendations

- 7.1 Members are recommended to:-

- (a) note the contents of this report
- (b) following provisional agreement on the 21st July 2010 to now adopt an interim housing target of 2260 p.a.

Background Papers

1. Executive Board report of 21 July 2010
2. Letter from the Home Builders Federation of 20 July 2010