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**Report to:** Place Panel

**Date:** 31 January 2019

**Subject:** **Housing and Planning Update**

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## **1 Purpose of this report**

- 1.1 To update Place Panel members on a number of emerging national housing and planning policy issues and the potential implications for the Leeds City Region. These specifically relate to ability to access future funding and regeneration of town centres.
- 1.2 To inform Place Panel members of the West Yorkshire Combined Authority response to the consultation on '*Planning Reform: supporting the high street and increasing the delivery of new homes*', submitted on 14 January 2019.
- 1.3 To present Homes England Strategic Plan 2018/19-2022/23.
- 1.4 To provide details on the One Public Estate Phase 7 funding bid.
- 1.5 To note the ongoing work of the Historic Buildings Strategy Group.

## **2 Information**

### **Policy publications – summary**

- 2.1 In October and November 2018, the Government published several policy documents with implications for housing and planning across the City Region:
  1. Geographical targeting against 5 funding programmes – policy statement by Ministry of Housing, Communities and Local Government (MHCLG)
  2. Independent Review of Build Out Final Report by Sir Oliver Letwin
  3. Planning reform: supporting the high street and increasing the delivery of new homes
  4. Homes England Strategic Plan 2018/19 – 2022/23

2.2 There follows a summary of the key points of each publication (links to full versions are in Section 4: Background Documents) and an outline of potential implications for the Leeds City Region in relation to:

- Accessing future funding
- Town centres
- Collaborative working with Homes England

### **Geographical Targeting Against 5 Funding Programmes**

2.3 Published by MGCLG on 30 October 2018, this policy statement details where funding is to be targeted over the next five years, including:

<b>Fund</b>	<b>Purpose</b>
<b>Housing Infrastructure Fund (Forward Fund)</b>	Funding for infrastructure to enable delivery on priority housing sites
<b>Estates Regeneration Fund</b>	Fund to accelerate and improve estate regeneration schemes through recoverable investments
<b>Short term Home Building Fund</b>	Direct finance for builders to boost supply of new homes
<b>Small Sites Fund</b>	Grant for local authorities and public landowners to deliver infrastructure for stalled smaller schemes
<b>Land Assembly Fund</b>	Homes England land investment fund - used to acquire land needing work and get it ready for the market, making it less risky for developers to invest in

2.4 The policy statement addresses affordability in those locations where it poses the greatest challenge, enabling homes to be built where they are most needed. Areas of highest affordability pressure will on average receive a minimum of 80% of total funding from these programmes over the next 5 years. Currently only Harrogate exceeds the median figure of 8.88, while much of the rest of the North will be below this threshold and therefore competing for a share of the remaining 20% of these five programmes. This does not affect affordable housing programmes.

2.5 In collaboration with other authorities, a press release was issued to express concern in terms of the message this policy direction gives to investors and communities in the North. The press release is in Appendix 1.

### **Independent Review of Build Out - Final Report by Sir Oliver Letwin**

2.6 On 29 October 2018, the final report of Sir Oliver Letwin's Independent Review of Build Out was published. Its purpose is to explain the significant gap between housing completions and the amount of land allocated or permitted in areas of high housing demand, and make recommendations for closing it. A briefing note covering the key points is in Appendix 2.

2.7 The report recommends ways in which the Government could increase the variety and differentiation of what is offered on large housing sites, raise the proportion of affordable housing, and raise the rate of build out. The review recommends new planning rules to encourage development, applicable to sites with outline permissions for 1,500 housing units or more.

## **Planning Reform: Supporting the High Street and Increasing the Delivery of New Homes**

- 2.8 This consultation, published 29 October 2018, outlines proposals to reform the planning system to support the high street, make effective use of land and deliver more homes. A briefing note is in Appendix 3.
- 2.9 Of particular relevance, given the Combined Authority's focus on town centres, is the section on allowing greater change of use to allow high streets to adapt and diversify use. This would be done through changes to permitted development rights for changes in use classes and a relaxed approach to vertical extensions of properties.
- 2.10 The Combined Authority has responded to this consultation. The consultation focuses on changes to permitted development rights. As the Combined Authority is not a planning authority we are not directly impacted.
- 2.11 However, we have highlighted some concerns that the proposed changes will restrict the ability of the Local Planning Authorities to control the quality of the developments. This may result in low quality development that may undermine some of the City Region high quality city centre and gateway ambitions. A copy of the consultation cover letter is in Appendix 4.

## **Homes England - Strategic Plan, 2018/19 – 2022/23**

- 2.12 Homes England Strategic Plan, launched on 30 October 2018, spans 5 years to 2022/23 and explains what Homes England will do to improve housing affordability, helping more people access better homes in areas where they are needed most.
- 2.13 The plan outlines Homes England's six strategic priorities for addressing the housing crisis:
- Unlock public and private land where the market will not, to get more homes built where they are needed;
  - Ensure a range of investment products are available to support housebuilding and infrastructure, including more affordable housing and homes for rent, where the market is not acting;
  - Improve construction productivity;
  - Create a more resilient and competitive market by supporting smaller builders and new entrants, and promoting better design and higher quality homes;
  - Offer expert support for priority locations, helping to create and deliver more ambitious plans to get more homes built. We would welcome clarity on where the 'priority locations' are; and
  - Effectively deliver home ownership products, providing an industry standard service to consumers.

- 2.14 These priorities align with the Combined Authority's housing objectives and support their implementation through a partnership approach with Homes England, welcoming an opportunity to discuss and provide clarity on 'priority locations' in a City Region context.
- 2.15 A presentation by Homes England – Intervening in housing markets to increase housing supply – update to the City Region will be given as part of this report. A copy of the presentation is in Appendix 5.

### **Implications/Response for the Leeds City Region**

- 2.16 Taken together, the documents outlined above indicate a direction that negatively impacts the North in terms of investment by government directing funding to deliver new homes to areas of highest demand. Further clarification is being sought from Homes England from a Leeds City Region perspective. If the 'right place' for government funding is defined as the least affordable local authorities by house price to earnings ratio, then there is a risk that much of the North would not attract much needed investment. Within the City Region, only Harrogate would qualify to compete for the majority (80%) of funding within the five funding streams. Prioritising funding in this way risks failing to solve the key issues within the housing market. It would fail to take advantage of the untapped potential to create new housing markets and create the conditions for economic growth in the North. It will also exacerbate overheating in the housing markets of the South and South East, where delivering new homes is more expensive.
- 2.17 This approach is also reinforced by the recommendation in the Independent Review of Build Out, that only local planning authorities with high housing demand (high house price/earnings ratio) should be given new statutory powers to improve build out on large sites.
- 2.18 In addition, investment in viable schemes will potentially expose a gap in funding for creating new markets, which is a significant issue for our strategic housing priorities in lower value areas.
- 2.19 This could have a significant impact on our ability to attract investment, particularly in areas with the most entrenched deprivation, where good quality housing is key raising living standards, and improving health and life outcomes.
- 2.20 Estate Regeneration funding (one of the 5 streams highlighted in the MHCLG policy note) has been critical in providing capacity to drive forward projects such as Beech Hill in Halifax, in combination with the Combined Authority investment to de-risk the sites. The funding provided additional support to enable feasibility studies and project manager resource to drive forward progress with delivery partners, Together Housing Group. This is a prime example of the Combined Authority investing alongside Homes England partners to drive forward projects at pace.

- 2.21 In response to Homes England's Strategic Plan, Councillor Hinchcliffe wrote to Sir Ed Lister (Chairman of Homes England) on 14 December 2018 requesting a roundtable discussion, accepting Homes England's invitation to work closely with ambitious authorities over the next five years. In response, a meeting has been arranged between Tom Walker, Deputy Chief Executive Officer at Homes England, and Combined Authority officers in February 2019.
- 2.22 The Combined Authority with district partners is already working closely with Homes England with the aim of sharing resource, knowledge and expertise across a shared agenda to coordinate delivery together. This shared working is already demonstrated through the City Region Strategic Sites Pipeline, which has been produced with Homes England and local authority partners.
- 2.23 The next step is to identify additional resource required to unlock further supply and explore the opportunity to work with Homes England to develop a joint approach to investment that would focus priorities and maximise benefit to our economy. This would be a collaborative, coordinated approach to deliver longer term investment in new homes and regeneration of our communities. As the Leeds Enterprise Partnership and transport authority delivering major infrastructure across the region, ensuring investment is complimentary is key to supporting investment programmes in housing.
- 2.24 Work continues to develop and strengthen the strategic conversations between the Combined Authority and housing associations (HAs) in the City Region. The inaugural meeting of the Leeds City Region Housing Association Partnership, is due to take place on 1 March 2019. This initiative will bring together for the first time the key stakeholders and HAs working across the city region to create a strategic mechanism for collaboration and partnership. It builds on similar models, for example housing compacts that exist in other City Regions. This does not replace discussions between individual districts and HAs on meeting housing need in local areas, rather adds to strategic planning across the City Region.
- 2.25 Leading housing associations continue to develop the proposal to form a joint venture company with the aim of becoming an additional developer in the City Region, one that can also work more closely with districts to achieve mixed tenure and deliver higher quality housing on strategic sites. The joint venture now has 5 housing associations as potential strategic partners including:
- Yorkshire Housing
  - Together Housing Group
  - Leeds Federated Housing Association
  - Inncommunities
  - Accent
- 2.26 Similar to the joint venture being developed in the Sheffield City Region, using the same advisory consultants, this is a 5 to 10 year commitment looking at larger sites, delivering additional housing on a mixed tenure basis including social housing. This also includes an investment return for the HAs involved.

Detailed work on the legal agreement for the joint venture and investigation of land options continues.

- 2.27 In addition, the Combined Authority is undertaking work to refresh the evidence base on housing in the City Region. This will help us to better understand and articulate the challenges of affordability faced in our housing market and to evidence the need for further intervention to improve quality and investment within the City Region and wider northern context. Further detail of this work will be brought to a future meeting.

### **One Public Estate (OPE) Phase 7**

- 2.28 The opportunity to bid for OPE Phase 7 funding round was announced at the end of September 2018, with applications closing at the end of November. On 24 October 2018, Place Panel agreed that the Chair (Cllr T Swift) in liaison with the City Region Chief Executive lead for Housing and Planning (J Gedman) and the Combined Authority's Managing Director would agree the final submission for endorsement and submission by the Combined Authority.
- 2.29 The OPE partnership has expanded since the successful Phase 6 bid in November 2017. The West Yorkshire Combined Authority One Public Estate Partnership now includes representation from West Yorkshire and Harrogate STP Lead, Chief Executive of South West Yorkshire Partnership NHS Foundation Trust, the West Yorkshire Police Authority and the Department of Work and Pensions, alongside our 9 Local Authorities and the West Yorkshire Combined Authority.
- 2.30 The bid, submitted on 30 November, is for £442,500 (from a national pot of £15 million). It includes projects from Harrogate, Kirklees, the Combined Authority and a joint project between the National Health Service and the Combined Authority. The submission also includes £40,000 for programme management of the partnership.
- 2.31 In particular, Phase 7 opens up a significant partnership opportunity with the NHS, and other public sector partners, around enabling and accelerating the region-wide disposal of surplus public land for home building. The prospect of closer strategic ties and collaboration with the NHS has been bolstered by Jacqui Gedman's new role as Chair of the West Yorkshire Health and Housing Partnership.
- 2.32 If successful, it is anticipated that confirmation of a funding award will be received from OPE in March 2019.

### **Historic Buildings Strategy Group**

- 2.33 One of the key recommendations in the West Yorkshire Textile Mill: Feasibility and Investment Framework (by Cushman and Wakefield), was the establishment of a Historic Buildings Strategy Group. The third meeting of the group, chaired by Cllr Tim Swift, took place on 4 December 2018.
- 2.34 A number of actions are being progressed, including:

- Districts to identify Priority Historic Buildings and Historic Places.
- Sharing good practice - examples of redevelopment of historic buildings and places - this has already included Dean Clough, Halifax and Newsome Mill, Kirklees.
- Compiling a database of developers and investors with an expertise or interest in this area of development.
- Historic England research into mill locations, condition and current use is ongoing. This work to be linked with Combined Authority infrastructure mapping as an additional layer.
- Mill Owners and Developers Event in spring 2019. Introducing owners to potential development partners, influencers, funders along with models of good practice. Detailed planning for this event will in early-2019.

### **3. Financial Implications**

- 3.1 There are no financial implications directly arising from this report.

### **4. Legal Implications**

- 4.1 There are no legal implications directly arising from this report.

### **5. Staffing Implications**

- 5.1 There are no staffing implications directly arising from this report.

### **6. External Consultees**

- 6.1 No external consultations have been undertaken.

### **7. Recommendations**

Place Panel members are requested to:

- (i) Note the emerging national housing and planning policy, direction of government policy and potential implications for the Leeds City Region.
- (ii) Support further work to explore closer collaboration between the Combined Authority, districts and Homes England.
- (iii) Note that the Combined Authority has submitted a response to the consultation on 'Planning Reform: supporting the high street and increasing the delivery of new homes'.
- (iv) Note the details of the submission for One Public Estate Phase 7.
- (v) Note the ongoing actions from the Historic Buildings Strategy Group.

### **8. Background Documents - Links to key policy documents**

#### **Geographical targeting across 5 housing funds**

<https://www.gov.uk/government/publications/geographical-targeting-across-5-housing-programme-funds>

## **Letwin Review**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/752124/Letwin\\_review\\_web\\_version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752124/Letwin_review_web_version.pdf)

## **Planning reform: supporting the high street and increasing the delivery of new homes**

<https://www.gov.uk/government/consultations/planning-reform-supporting-the-high-street-and-increasing-the-delivery-of-new-homes>

## **Open Doors Pilot**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/754459/Open\\_Doors\\_prospectus.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/754459/Open_Doors_prospectus.pdf)

## **Homes England Strategic Plan**

[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/752686/Homes\\_England\\_Strategic\\_Plan\\_AW\\_REV\\_150dpi\\_REV.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/752686/Homes_England_Strategic_Plan_AW_REV_150dpi_REV.pdf)

## **9. Appendices**

**Appendix 1:** Press release from Core Cities on the Geographical targeting against 5 funding programmes

**Appendix 2:** Briefing on Independent Review of Build Out Final Report by Sir Oliver Letwin

**Appendix 3:** Briefing on Planning reform: supporting the high street and increasing the delivery of new homes

**Appendix 4:** Planning reform: supporting the high street and increasing the delivery of new homes Consultation Response Cover Letter

**Appendix 5:** Presentation by Homes England – intervening in housing markets to increase housing supply – update to Leeds City Region