

Draft Housing Delivery Action Plan



December 2018

Contents

1 Introduction	3
Background	3
Purpose, objectives and status	3
Relationship to other plans/strategies and council activities	4
Approach and methodology	4
Scope of report	5
2 Housing Delivery Analysis	6
Planning context	6
Housing supply needs and delivery	6
Local housing market and development activity	8
Development costs and viability	11
Infrastructure planning, funding and delivery	12
Other Issues	12
Root cause analysis	13
3 Key Action and Responses	14
4 Project Management and Monitoring Arrangements	16
Project management	16
Reviewing	16

Action Plan

1 Introduction

Background

- 1.1** The Government is committed to the improved delivery of more new homes nationally through their economic and housing growth agendas. To this end they have introduced a number of measures and reforms to the planning system intended to deliver more housing, improve housing affordability and remove barriers to development. Local planning authorities (LPAs) are challenged to be more proactive in increasing the speed and quantity of housing supply to meet the identified housing needs of their local area.
- 1.2** Harrogate Borough Council (HBC) is responding to this challenge and has the ambition, recognised across its key strategic documents, to increase and accelerate the delivery of new housing across the district. The allocation of land to accommodate a minimum of 14,049 new homes (699 dwellings per annum) is being made through the emerging Local Plan which is scheduled for Adoption in Spring 2019.
- 1.3** The Housing Delivery Test (HDT) has been introduced by the Government as a monitoring tool to demonstrate whether local areas are building enough homes to meet their housing need. The HDT, which is to be introduced from November 2018, compares the number of new homes delivered over the previous three years with the authority's housing requirement.⁽¹⁾ The HDT will be used to determine the buffer to apply in housing supply assessments and whether the presumption in favour of sustainable development should apply. Under the HDT:
- Where housing delivery over the previous three years has been less than 95% of the housing requirement, LPAs should prepare an action plan setting out the causes of under delivery and the intended actions to increase delivery;
 - Where delivery has been less than 85% of the housing requirement, a 20% buffer should be applied to the supply of deliverable sites for the purposes of housing delivery assessment;
 - Where delivery has been less than 75% of the housing requirement, the NPPFs presumption in favour of sustainable development will apply.⁽²⁾⁽³⁾
- 1.4** Where an Action Plan is required, this should be prepared within six months of the test results being published i.e. by the end of the following March.
- 1.5** As the adopted housing requirement in Harrogate district is more than five years old (through the Core Strategy adopted in 2009), the district's HDT has been assessed against the minimum local housing need figure.
- 1.6** In November 2018 the Government published the first HDT results (insert results here when released).

Purpose, objectives and status

- 1.7** This Action Plan provides an analysis of the key reasons for the historic under-performance against the district's assessed housing requirement and identifies the measures the council intend to undertake to increase/maintain the delivery of new housing in Harrogate district.

1 The housing requirement is either the lower of the latest adopted housing requirement or the minimum annual local housing need figure. Where the adopted housing requirement is more than five years old, the minimum annual local housing need figure will apply.

2 A three year transitional period will operate from November 2018. In 2018 the threshold will be delivery below 25% of the housing required over the previous three years, rising in 2019 to 45% and then 75% in 2020.

3 For further information see <https://www.gov.uk/guidance/housing-and-economic-land-availability-assessment#housing-delivery-test>

1 Introduction

- 1.8** The Council recognise that delivering growth is complex. Whilst a number of the actions identified in the Action Plan are solely within the remit of the council to resolve, to successfully respond to the challenge of increasing, and then maintaining, housing delivery the council will also need the support and co-operation of those involved in delivering homes including landowners and house builders.

Relationship to other plans/strategies and council activities

- 1.9** The Action Plan complements existing Council plans, policies and strategies which provide a framework for the delivery of the council's housing priorities. This includes the following:

- Corporate Plan 2018-2024 - identifies that the high cost of purchasing and renting housing coupled with a limited supply of affordable housing means that many employees who work in the district cannot afford to live here. One of the Plan's key priorities is to take a more proactive approach to the way the council provides housing. Actions related to this include establishing a Council owned housing development company, improved management of void properties in the Council's housing stock and partnership working to deliver an increased number of affordable homes.
- Housing Strategy - recognises that the supply of housing, both affordable and market, has fallen behind household growth and as a consequence the demand for housing outweighs supply with a significant shortage in the affordable housing available and affordability being a significant issue. The Strategy identifies that creating more balance in the local housing market by increasing the supply of new homes will give local people more choice and the ability to move up or down the housing ladder as their needs or circumstances change. A new Housing Strategy is currently being prepared to identify and support the delivery of new homes to meet identified needs.
- Economic Growth Strategy 2017-2035 - identifies unaffordable housing costs for an increasing number of local employees and residents as being a challenge to economic growth in the district.
- Harrogate District Local Plan (HDLP) - provides the framework for future housing and economic development across the district (see Section 2).

- 1.10** The action plan is also aligned with and supports the housing delivery priorities for the wider region. This can be seen through continuing work with key partners including the York, North Yorkshire and East Riding (YNYER) Local Enterprise Partnership (LEP) and the West Yorkshire Combined Authority to implement the YNYER Housing Strategy and development of the Leeds City Region Strategic Pipeline.

Approach and methodology

- 1.11** The preparation of this Action Plan has been informed by work the Council have been undertaking on housing delivery over the past 12 months. The Council undertake housing monitoring on a regular basis. In addition to reporting on delivery through the Annual Monitoring Report (AMR), quarterly updates of the housing land supply position are also published. Through this regular monitoring the council had identified that there were challenges to the delivery of housing in the district with consented developments slow to start on site and then subsequently build out. However, despite engaging with the promoters and developers of these sites there were no clear reasons for the delays in delivery being experienced.

- 1.12** To gain a better understanding of what barriers might be acting to deter/delay housing delivery in the district the council made a successful bid to the Local Government Association Housing Advisers Programme at the end of 2017. Through this commission the influences on local housing market dynamics and how this, along with other factors, was impacting on delivery of new housing development across the district were reviewed as a first step. From this

Introduction 1

actions the Council could take to bring about a step change in housing delivery were identified. This work involved face to face interviews with representatives of sites capable of delivering 82% of the permissioned houses in the district together with key service areas within the Council and external consultees (including the Highway Authority and York, North Yorkshire and East Riding Local Enterprise Partnership (YNYER LEP)).

1.13 The findings of this work (reported under Section 2) have informed the development of the Action Plan.

1.14 The Action Plan has been approved by the ** .

Scope of report

1.15 The remainder of the Action Plan includes the following:

- Housing delivery analysis
- Key actions and responses
- Project management and monitoring arrangements

2 Housing Delivery Analysis

2 Housing Delivery Analysis

Planning context

- 2.1** The Council is committed to bringing forward transformational growth and is working hard to bring forward a Local Plan that can guide growth to 2035. The HDLP was submitted for examination in August 2018. It provides the framework for the delivery of a minimum of 14,049 homes (net) over the period to 2035.
- 2.2** The Submission version⁽⁴⁾ of the HDLP allocates 419 hectares of land for housing or mixed use development, which can deliver at least 7549 homes, plus the potential for a further 3,000 homes within the Cattal/Green Hammerton Broad Location for Growth through the development of a new settlement during the plan period and beyond.⁽⁵⁾
- 2.3** Of the land allocated just under 20% is in public ownership (primarily land owned by HBC or the Defence Infrastructure Organisation). With the majority of the land allocated in private ownership the council will need to work in partnership with landowners, developers and Registered Providers to make delivery of these homes happen.

Housing supply needs and delivery

- 2.4** Since the start of the new plan period in 2014, 1,681 (net) new homes have been completed, an average of 420 homes per year. This is 995 dwellings below the housing need requirement of 2,676 dwellings. The requirement is based on an assessment of housing need undertaken in 2017, which established that the district's Objectively Assessed Need over the plan period to be 669 dwellings per annum (dpa).
- 2.5** This under delivery is a continuation of trends in delivery over a longer period (Figure 2.1). Between 2008 and 2018, 3,252 new homes were provided, equating to 325 dpa. Over the past five years, average completion rates have been 372 dpa.

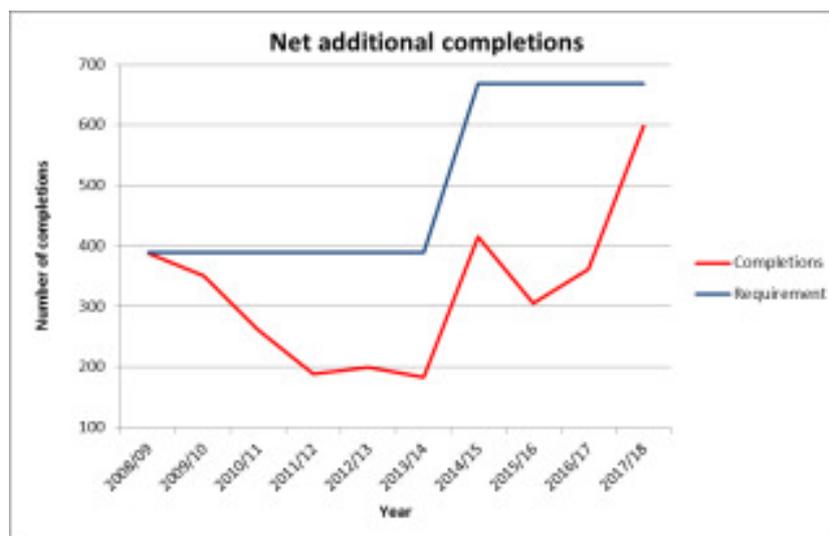


Figure 2.1 Net additional completions 2008-2018

- 2.6** There has been considerable variation in the delivery rates per annum over this time with the highest number recorded in 2017/18 (598 dwellings) and the lowest in 2013/14 (183 dwellings). Compared to the annualised housing requirement (applicable at the time), there

4 Submitted to the Secretary of State for Independent Examination August 2018.

5 The new settlement will continue to deliver homes beyond the current plan period, with the potential for at least 3,000 homes in total.

Housing Delivery Analysis 2

has been persistent under delivery with the housing requirement not being met over the ten year period. However, it is noted that in 2016/17 and 2017/18 there has been a notable upward trend.

2.7 The volatility in housing delivery is also demonstrated by the number of new build starts each quarter over the past ten years (Figure 2.2). This shows not only the peaks and troughs in new build starts that have been experienced in the district but also that until relatively recently the number of new build starts each quarter rarely exceeded 100 dwellings.

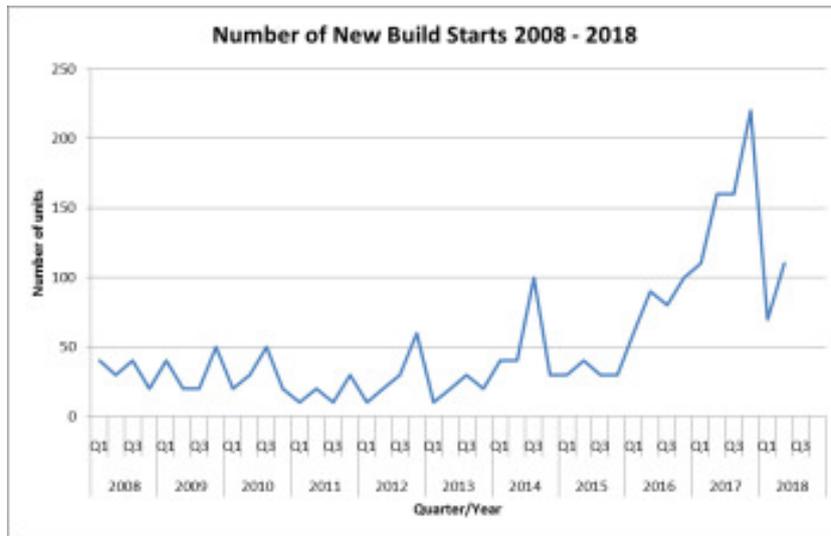


Figure 2.2 Number of new build starts 2008-2018 Source: Live Table 253a, MHCLG

2.8 It is clear that the increase in the housing requirement to 669 dpa will require a step change in housing delivery compared to previous housing requirements and, notwithstanding the positive increase in completions experienced in 2017/18, on the basis of past delivery rates the step change required represents a considerable challenge to all parties involved in delivering new homes.

2.9 The rates of delivery experienced over the past 10 years is despite the large number of residential planning consents being granted by the council (Figure 2.3).

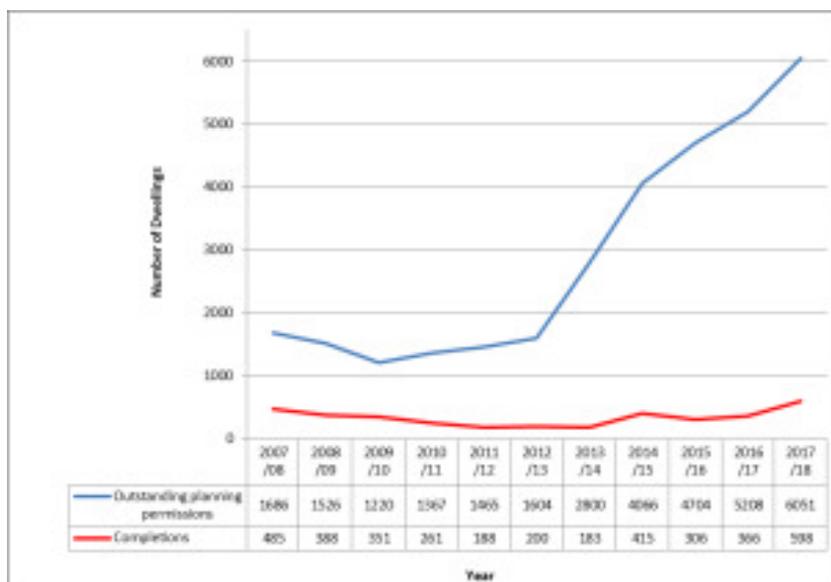


Figure 2.3 Residential permissions compared to completions

2 Housing Delivery Analysis

- 2.10** As a consequence of under delivery, the council have found it difficult to maintain a positive housing land supply position (Figure 2.4). The Council monitor housing land supply on a quarterly basis. The assessment as at the end of the first quarter of 2018 saw the housing land supply position⁽⁶⁾ exceed five years but this was only marginal at 5.18 years and is unlikely to be maintained without a sustained increase in delivery rates.⁽⁷⁾

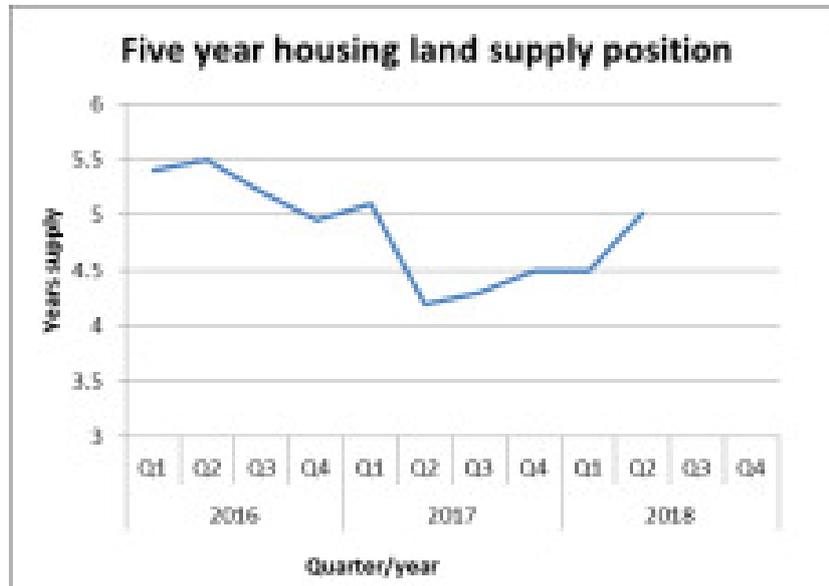


Figure 2.4 Five year housing land supply position

Local housing market and development activity

- 2.11** As referred to earlier, the number of outstanding planning permissions is high. An analysis of these permissions has been undertaken to try and establish if there are any commonalities which might point to barriers to sites coming forward in a timely manner or have an impact on build out rates.
- 2.12** 36% of the sites with planning permission are classified as greenfield, with brownfield sites accounting for 54% of sites (mainly through the conversion of existing buildings) (Figure 2.5). However, when the number of new homes these sites could provide is considered, it can be seen that 80% are on greenfield sites, of which 67% are on sites of over 100 dwellings.

6 Including the provision of a 20% buffer to reflect the persistent under delivery.

7 For further information on the latest housing land supply position see

https://www.harrogate.gov.uk/info/20101/planning_policy_and_the_local_plan/551/local_plan_annual_monitoring_report

Housing Delivery Analysis 2

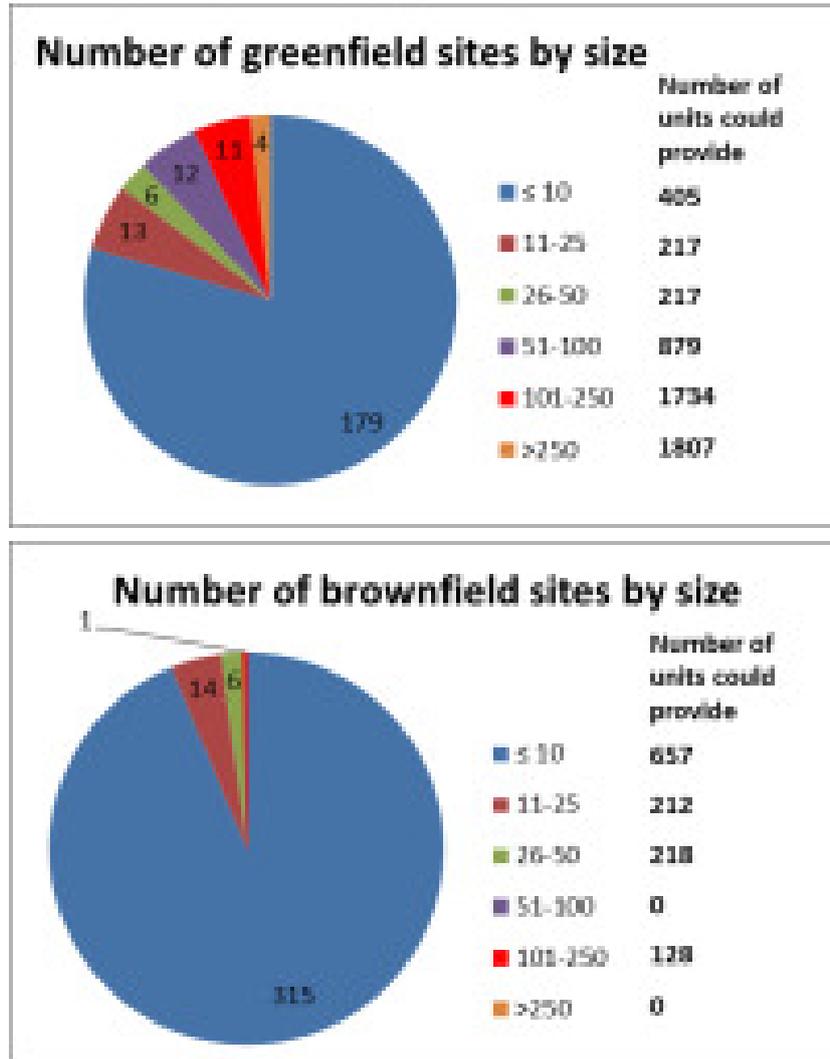


Figure 2.5 Greenfield and brownfield sites by size and capacity

- 2.13 A further 10% of sites (64 in total) are classified as being garden sites, all with permissions for 5 or fewer dwellings and which could provide 79 dwellings. These have been excluded from further analysis.
- 2.14 As shown in Figure 2.6, excluding sites where the planning application was made by an individual, there is not a reliance on a single type of developer to bring forward consented housing sites. This would suggest that the housing market is not so dominated by a developer typology for this to be a significant factor in slowing delivery.

2 Housing Delivery Analysis

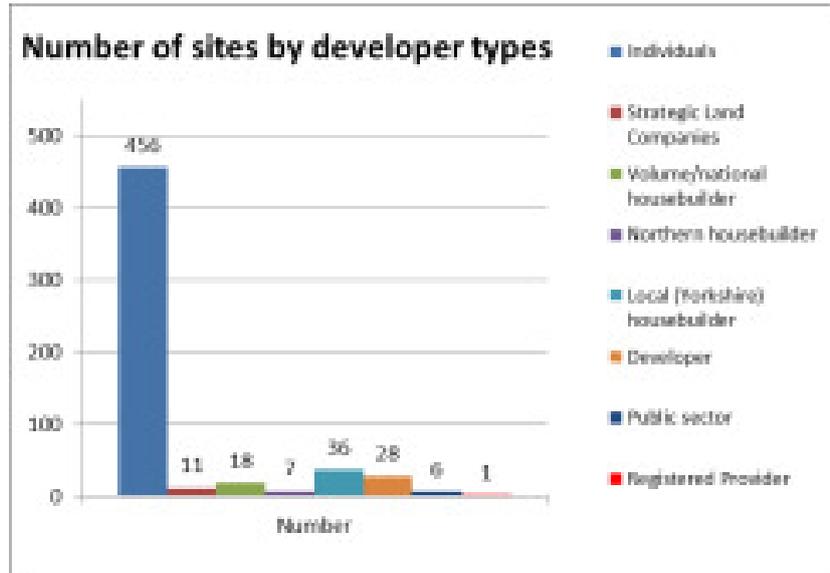


Figure 2.6 Number of sites by developer type

2.15 However, when the size of site and potential dwelling capacity is analysed it can be seen that a significant proportion of the permitted housing development lies with the volume/national housebuilders and strategic land companies (who are likely to dispose of the site to volume/national housebuilders) (Figures 2.7 and 2.8) and that this capacity lies primarily on larger sites.

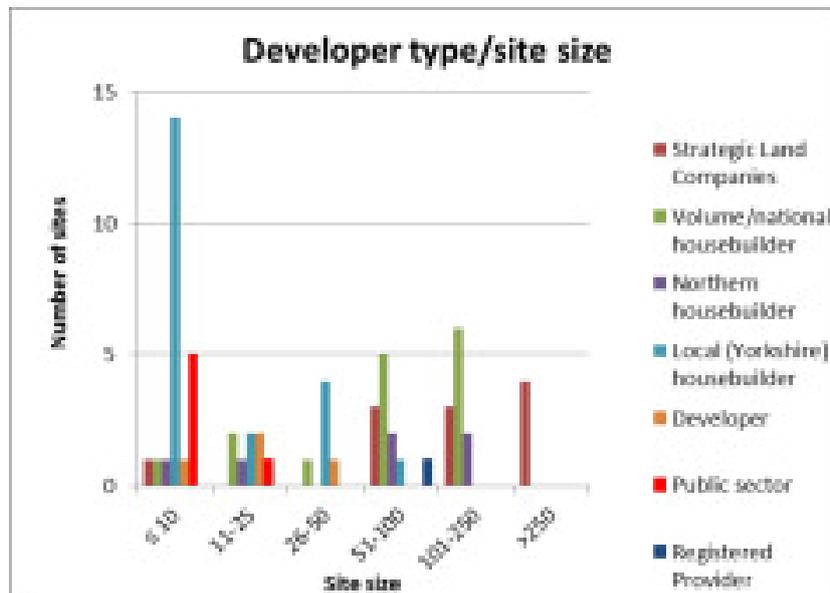


Figure 2.7 Developer type and site size

Housing Delivery Analysis 2

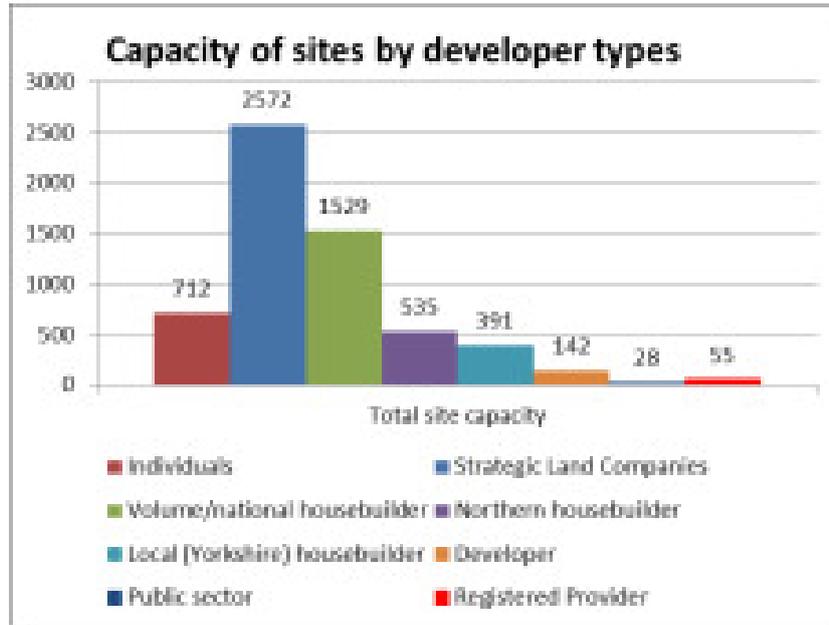


Figure 2.8 Capacity of sites by developer type

- 2.16** It is clear, therefore, that at present large greenfield sites under the control of volume/national housebuilders are critical to the delivery of new housing in the district. However, at present the council does not treat these sites any differently or prioritise resources to them when compared to any other planning application.

Development costs and viability

- 2.17** The Whole Plan Viability Assessment (WPVA), which has supported the development of the HDLP, set out an assessment of the districts housing market, providing a basis for the assumptions used in the financial appraisal for the site typologies tested in the study.⁽⁸⁾
- 2.18** The WPVA found that the district is situated in a high value and vibrant market area with strong house prices that are able to support an active housing market. The October 2018 update found that there had been a notable increase in values since 2016.
- 2.19** The WPVA provides an appraisal of the viability of the HDLP in terms of the impact of its policies on the viability of development expected to be delivered during the plan period. It concludes that greenfield housing development proposed is viable taking account of the policy impacts, including affordable housing. The development of brownfield sites is also viable although the WPVA indicated that affordable housing provision should be reduced to 30%.
- 2.20** The Ministry of Housing, Communities and Local Government (MHCLG) published a report on residential land value estimates in May 2018.⁽⁹⁾ With the exception of York, where the highest land values were achieved, the values in Harrogate (at £2,765,000 per hectare) were the highest compared to other local authorities in the area.

8 For further information see Whole Plan Viability Assessment October 2016 https://www.harrogate.gov.uk/downloads/file/2153/2016_october_-_whole_plan_viability_study and Local Plan Viability Update and CIL Viability Assessment May 2018 https://www.harrogate.gov.uk/downloads/file/3899/cil_viability_assessment

9 For further information see Land Value Estimates for Policy Appraisal, May 2017 <https://www.gov.uk/government/publications/land-value-estimates-for-policy-appraisal-2017>

2 Housing Delivery Analysis

Infrastructure planning, funding and delivery

- 2.21** The Local Plan is supported by an Infrastructure Delivery Plan.⁽¹⁰⁾ The IDP has been developed with input from utility providers and service providers and identifies the improvement to existing or new infrastructure required to support the planned growth of the Local Plan.
- 2.22** The conclusions reflects the council's engagement with promoters of HDLP draft allocations that there are no infrastructure requirements over and above normal development infrastructure that would delay sites from coming forward.

Other Issues

LGA Housing Advisers Programme

- 2.23** The review of housing delivery issues took two approaches:
- interviews with participants in the housing market in Harrogate district; and
 - mapping example large (more than 100 dwellings) and smaller applications through all their end to end handling stages from pre-application stage to the discharge of the final planning condition to identify any inefficiencies or common delaying factors.
- 2.24** The key issues identified through this review were:
- the issues affecting delivery are not those typically found elsewhere e.g. viability, infrastructure, landbanking or low demand;
 - a significant proportion of land with consent is in the control of promoters acting as intermediaries rather than house builders. This often necessitates a two stage planning process with intermediaries seeking outline planning consent and subsequent purchasers coming forward at later date with detailed planning application. This can cause delays as developers seek to get an implementable permission, including dealing with conditions placed on the outline consent;
 - the 'belt and braces' approach to the use of planning conditions and reserved matters resulting in unacceptably long periods of time to discharge or decisions that are not implementable;
 - Small Medium Enterprise (SME) builders consider Harrogate high risk in relation to planning uncertainties, inhibiting a greater take up of small sites;
 - a lack of delivery urgency with the processing of planning applications being unpredictable and unreasonably protracted;
 - the need to balance commercial factors with other policy objectives;
 - more focus on the quality of pre-application discussions and the provision of consistent advice throughout; and
 - a perception by investors that the council was anti-development.

Housing Delivery Analysis 2

North Yorkshire Stalled Sites Report

- 2.25** A separate piece of work commissioned by the YNYER LEP to look at stalled strategic sites across all of North Yorkshire reinforced some of the above findings particularly around the use of planning conditions. However, it also identified that landowner expectations of values were a potential cause for delay, particularly where the strategic sites often involved several land owners.
- 2.26** The report included three sites in Harrogate District (all originally promoter led) and the issues identified in bringing the sites forward to the point of on site delivery included:
- landowner expectations on land value;
 - protracted contract negotiations and time to put in place collaboration agreement with equalisation;
 - the number and nature of conditions applied to outline consents made sites less attractive to market and needed to be resolved prior to site being marketed; and
 - a change in adoptable standards for some infrastructure requirements, such as drainage since grant of outline consent added delay and costs.

The Letwin Review

- 2.27** As well as considering research undertaken at the local level it is also important to note the findings of the national Independent Review of Build Out Rates published by Rt Hon Sir Oliver Letwin (October 2018). This work explored the issue of build out rates of fully permitted homes on the largest sites in areas of high housing demand. It found that the homogeneity of the types and tenures of the homes on offer on these sites, and the limits on the rate at which the market will absorb such homogenous products, are fundamental drivers of the slow rate of build out. Therefore, it is important to consider opportunities for encouraging diversification of products to increase build out rates.

Root cause analysis

- 2.28** In summary the key factors affecting housing delivery in the district are:
- a significant proportion of the consented housing capacity is found on a relatively small number of large sites, which are in the control of volume/national housebuilders or strategic land companies. This is also reflected in those HDLP allocations which are the subject of outstanding planning applications. Whilst this is not necessarily an issue in itself, there is a need to ensure that planning applications for these sites both pre and post consent, are dealt with efficiently;
 - those involved in developing these larger sites see the council's planning processes as being a barrier to bringing their sites forward in a timely and effective manner;
 - SME housebuilders are present in the district's housing market but evidence suggests that the potential for increased delivery by SMEs is hindered by planning requirements and processes.

3 Key Action and Responses

3 Key Action and Responses

3.1 Reflecting the housing delivery analysis the actions aimed at increasing delivery across the district are structured around two overarching themes:

- improving the capacity and resilience of the planning service in dealing with large scale housing developments;
- taking a more proactive role in delivery of housing.

3.2 The details of the actions, timescales and responsibility for delivery under these themes are set out below.

Action Required	Task description	Expected outcomes	Timescale	Responsible lead officer/s
Improving capacity and resilience of the Place-shaping and Economic Growth service in dealing with large scale housing developments				
Embed strong culture at all levels to make delivery of new homes a guiding principle in decision making	Capacity building to develop appropriate skills and innovative development solutions	Fully resourced and skilled workforce	Medium ⁽¹⁾	Head of Place-shaping and Economic Growth and Executive Officers
	Provide briefings as appropriate for Planning Committee Members on significant planning applications	Better understanding of key planning issues ahead of formal meetings and reduced delay in decision making	Short ⁽²⁾	Executive Officer Development Management and Building Control
	Engage with key partners and stakeholders to communicate the Housing Delivery Action Plan and the Council's ambitions for sustainable housing and economic growth	A wider understanding of the Council's ambitions and the benefits of sustainable growth	Short/Medium	Executive Officer Housing Delivery and Strategic Sites
Review and improve residential planning application processes	Business review to improve processing time for planning applications	Delays in processing applications minimised	Medium	Head of Place-shaping and Economic Growth and Executive Officers
	Review use of planning conditions ⁽³⁾	Number of conditions used minimised, use of pre commencement conditions reduced, delays in processing discharge applications minimised	Short	Executive Officer Development Management and Building Control
	Improve the efficient execution of S106 agreements.	Reducing the time taken to secure agreements and increasing the monitoring of those that are in place.	Short/Medium	Executive Officer Development Management and Building Control and Executive Officer Housing Delivery and Strategic Sites
	Increase the use of Planning Performance Agreements where appropriate for larger scale and more complex housing sites	Agreement of realistic determination timescales	Short	Executive Officer Development Management and Building Control
	Work with developers and co-ordinate cross departmental support to ensure timely delivery on sites which require planning permission, have planning consent but have yet to start or have stalled	Increase in the number of housing completions	Short	Executive Officer Housing Delivery and Strategic Sites and Executive Officer Development Management and Building Control
Proactive role in delivery of housing				

Key Action and Responses 3

Action Required	Task description	Expected outcomes	Timescale	Responsible lead officer/s
Adoption of Local Plan	Completion of examination and adoption of Local Plan	Increased certainty relating to sites critical to planned growth	Short	Executive Officer Policy & Place, Executive Officer Housing Delivery and Strategic Sites
Alternative delivery models/opportunities	Take a proactive role, including through partnership working, in bringing forward housing on Council owned land identified within the Local Plan and explore the potential for bringing forward housing on other council owned assets	Early delivery of new homes on council owned land	Short/Medium	Executive Officer Housing Delivery and Strategic Sites, Executive Officer Strategic Property and Major Projects, Head of Housing and Property
	Establishing a Housing Development Company and taking forward pilot projects	That the council proactively brings forward new housing	Short/Medium	Head of Housing and Property
	Explore potential benefits of joint ventures with local builders, developers and investors to deliver more housing more quickly and the role for the Council as funder/investor in housing developments	That the Council proactively engages with others to bring forward new housing	Short/Medium	Head of Housing and Property and Executive Officer for Housing Delivery and Strategic Sites
	Work proactively with Registered Providers, rural communities and rural community led housing groups	That the Council proactively engages with others to bring forward new housing	Short/Medium	Head of Housing and Property
	Work closely with and gain support from agencies/partners to seek funding and address infrastructure constraints and facilitate landowner mediation where needed	That the Council proactively engages with other to bring forward new housing	Short/Medium	Executive Officer for Housing Delivery and Strategic Sites
	Proactively respond to funding opportunities as they arise to provide additional expertise, support and capacity to drive forward the delivery of new homes.	Increase capacity and support to bring forward new homes.	Short/Medium	Head of Housing and Property and Executive Officer for Housing Delivery and Strategic Sites
	Promote the need for diversity of types, tenures and the design of new homes including considering the use of modern methods of construction.	Increase the absorption rate and, therefore, the delivery rate of new homes.	Medium	Executive Officer for Housing Delivery and Strategic Sites
Small site development	Investigate how the Council can support developers of smaller sites and promote small site opportunities including providing guidance on how to bring forward those sites.	Increase in planning applications and completions on smaller sites	Medium	Executive Officer Housing Delivery and Strategic Sites

Table 3.1 Housing Delivery Actions

1. Within 6 - 12 months
2. Within 6 months
3. From the 1 October 2018 Regulations come into effect whereby planning permission for development of land may not be granted subject to a pre-commencement condition without the written agreement of the applicant to the terms of the condition.

4 Project Management and Monitoring Arrangements

4 Project Management and Monitoring Arrangements

Project management

- 4.1 The implementation of the identified actions will require strong leadership across Council service areas. This will be provided through the Council's Place Board.
- 4.2 The Executive Officer for Housing and Strategic Sites will be responsible for ensuring the actions set out in this Action Plan are monitored and outcomes delivered and will present an annual progress and review report to the Cabinet Member for Planning.

Reviewing

- 4.3 The Action Plan will be reviewed and updated on an annual basis as part of the Council's annual monitoring report process and alongside the review of the Council's overarching Housing Strategy.

