

Gateshead Council

Housing Delivery Test Action Plan



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1. Introduction

Background

1. This action plan has been produced to investigate the reasons for the under delivery of new housing in Gateshead, as measured under the Housing Delivery Test (HDT) and to put in place measures to speed up the delivery of housing. Gateshead Council is a pilot authority working with the Planning Advisory Service (PAS) and the Ministry of Housing, Communities and Local Government (MHCLG) and has been tasked with producing a pilot HDT Action Plan in the likelihood that a formal action plan will have to be produced in the 6-month period from November 2018.
2. Gateshead Council has planned for the delivery of 11,000 new homes (gross) from 2010 up to 2030 in its Core Strategy and Urban Core Plan (CSUCP) (parts 1 and 2 of the overall Local Plan). Around 2,400 homes are to be accommodated on former Green Belt sites allocated in the plan. However, the plan prioritises, where possible, development of brownfield sites, and a relatively high proportion of sites in Gateshead are brownfield.
3. Making Spaces for Growing Places (MSGP) Local Plan Document (LPD) will provide part 3 of Gateshead's Local Plan. This will allocate non-strategic sites for housing. MSGP has been consulted on at draft stage and is proposed to be examined in Summer 2019 with adoption late 2019.
4. The housing target established by CSUCP seeks to accommodate 9,500 additional households in Gateshead, providing population growth in a sustainable location at the heart of the sub-region, close to jobs and services.
5. There is a strong appetite in the Council to not only deliver the number of homes planned for but to deliver housing for specific groups where there is evidence of need within the Borough. This includes housing that meets the needs of everyone.
6. The local housing ambitions are also reflected at national level in terms of the Government's desire to boost the supply and delivery of new homes. The replacement National Planning Policy Framework (NPPF) (July 2018), sets out that it is important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed and that land with permission is developed without unnecessary delay (paragraph 59).

7. Paragraph 75 goes on to state that to maintain the supply of housing, local planning authorities (LPAs) should monitor progress in building out sites which have permission. Where the HDT indicates that delivery has fallen below 95% of the LPAs housing requirement over the previous three years, the authority should prepare an action plan in line with national guidance, to assess the causes of under-delivery and identify actions to increase delivery in future years.
8. The aims of this action plan can be broken up into the following issues:
- What is the current situation in terms of housing delivery in Gateshead?
 - What are the consequences of not delivering enough homes in Gateshead?
 - How information was gathered for the purpose of this action plan.
 - Root cause analysis, looking at the factors that have the potential to affect delivery, including:
 - Looking at the planning policy context in Gateshead.
 - Looking at the typology of sites allocated for housing in Gateshead in terms of brownfield/greenfield and size. As Gateshead shares the geography and housing markets of nearby local authorities a comparison has been made to the typology of housing sites elsewhere.
 - Looking at the types of developers delivering housing in Gateshead.
 - Looking at issues relating to the ownership of sites allocated for housing in Gateshead.
 - Looking at issues relating to development costs, values and viability.
 - Looking at the number of demolitions in Gateshead and the extent they affect net housing provision.
 - Looking at issues relating to the ability of developers to raise finance.
 - Looking at allocated sites with no planning application yet submitted or pre-application discussions undertaken and exploring the reasons why.
 - Looking at sites with an extant planning permission which have not yet commenced and exploring the reasons why.
 - Looking at the approval rates and determination periods of planning applications for new housing in Gateshead.

- Looking at the number and type of conditions and planning obligations imposed on planning applications for new housing in Gateshead.
 - Taking the above factors and analysing the extent that they are affecting delivery along with the extent that the Council can influence these factors and whether any third parties will need to be involved in taking action.
- Key actions and responses based on the root cause analysis, setting out the actions to be taken to ensure quicker delivery.
 - Project management and monitoring arrangements, setting out how the actions in this plan will be implemented, managed and monitored, including any relevant reporting arrangements. This will also put in place a process for the review of the action plan in line with the annual publication of the HDT results.

Current situation

9. Completions and targets since the beginning of the plan period are set out below. CSUCP targets (stepped throughout the plan period) are presented, alongside latest housing requirements as determined through application of the Local Housing Needs calculation (as set out in the HDT measurement rule book).

	2010/11	2011/12	2012/13	2013/14	2014/5	2015/16	2016/17	2017/18
Stepped Local Plan target (net)	96	96	96	96	96	484	484	484
Annualised Local Plan target (net) + allowance for empty homes brought back into use	425	425	425	425	425	425	425	425
Local Housing Need figure*	N/A	N/A	N/A	N/A	480	475	465	433
Net completions	221	197	278	90	73	251	269	163

*As set out in transitional arrangements provided within the Housing Delivery Test measurement rule book (July 2018)

10. Despite sluggish delivery rates so far in the plan period, Gateshead has a strong supply of sites: latest assessment indicates a supply of deliverable sites

provide more than nine years housing land supply (set against stepped CSUCP targets).

11. However, it is still estimated that the Council would fail the housing delivery test, and this would initially result in the need to produce this action plan to set out measures to boost delivery.

What are the consequences if not enough homes are built in Gateshead?

12. Gateshead's economy and population have been growing and this requires planning for 11,000 new homes. If these are not delivered, then this would jeopardise the ability to deliver the Local Plan and create and sustain thriving communities and a more prosperous economy. It would also put at risk the ability to regenerate areas of the urban core, including the redevelopment of brownfield land, the ability to deliver high quality housing in neighbourhood areas and the ability to support villages in the rural area through new housing. The lack of right homes in the right places would have the potential to increase in-commuting from neighbouring authorities and potential traffic congestion and associated impacts on air quality.
13. There are further consequences for decision making and location of development. As stated above, the NPPF has introduced a Housing Delivery Test in a phased approach over three years, starting in November 2018. The test is a percentage measurement of the number of the net homes delivered against the number of homes required in the Local Plan. Once implemented, the test will have the following sanctions:
 - If delivery falls below 95% the requirement for the publication of a housing delivery action plan.
 - If delivery falls below 85% the requirement for a 20% buffer on the Council's five-year land supply.
 - It is also uncertain whether this would stand with the National policy aims of maintaining existing strong protections for the Green Belt so that authorities can only amend Green Belt boundaries if they can prove they have fully explored every other reasonable option and there are exceptional reasons and the need to first make use of brownfield sites.
 - If delivery falls below 75% once transitional arrangements have ended, the presumption in favour of sustainable development (also known as the tilted balance). The presumption in favour of sustainable development means that permission should be granted unless;

the site is in a protected area of particular importance¹ and this provides a clear reason for refusing the development proposed; or

any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in the NPPF taken as a whole.

14. It is not yet clear as to all the consequences of the presumption in favour of sustainable development as the Borough has large areas of Green Belt and a high number of Conservation Areas and Listed Buildings. However, what is clear is that the Council will find it harder to resist speculative, inappropriate or unwanted development outside the protected areas in footnote 1. This could also lead to a greater risk of planning by appeal, where developers seek to override the policies in the Local Plan through a reliance on the presumption in favour of sustainable development.

¹ *In the Borough these protected areas would be Green Belt, Local Green Space, irreplaceable habitats, Conservation Areas, Listed Buildings, non-designated heritage assets of archaeological interest which are demonstrably of equivalent significance to scheduled monuments and areas at risk of flooding.

2. Methodology

How we have gathered the information

1. Research for the action plan has looked at general themes within the Borough such as the local housing market, the type of developers and homebuilders active in the area, the type of sites available for development, the planning policy and housing supply climate in the Borough and high-level constraints affecting land in the Borough. In conducting this research, use has been made of several data sources including the Local Plan and the evidence base behind it.
2. Discussions have also taken place with homebuilders to ascertain any barriers to delivery. These discussions took place as part the viability assessment of the Local Plan, specific discussions with SME developers about ways to increase their presence and delivery with Gateshead, including through a Digital Project funded by MHCLG (discussed in more detail later in this action plan) and regular meetings the Council conducts with volume homebuilders.
3. Consideration has also been given to delivery of housing in neighbouring local authorities. These are Newcastle City Council, South Tyneside Metropolitan Borough Council, North Tyneside Metropolitan Borough Council, Sunderland City Council, Durham County Council and Northumberland County Council.
4. The research has also looked at issues at a site level. This has considered progress on all individual sites in the Council's five year housing supply, including all allocated sites in the Local Plan and particular issues affecting them. It has also considered the number of planning permissions being granted for new housing development.

Viability Stakeholder Event 18th June 2018 (local plan)

5. A breakfast event was arranged to present the viability assessments and discuss the viability implications of Gateshead's MSGP offering an opportunity to comment for key stakeholders, including homebuilders.

Consultation with Registered Providers (local plan)

6. To ensure full engagement with a broad group of stakeholders a specific event was set up with Registered Providers (RPs) operating in the Gateshead area. RPs active in Gateshead include Tyne Housing Association, ISOS Housing Ltd, Keelman Homes, Home Group, Riverside Housing and Thirteen Group.

Meeting with Registered Provider (local plan)

7. A 1 to 1 meeting with a Register Provider was held for the council to gain a detailed view from a Registered provider. The Registered Provider used primarily operates within the low and mid values zones, generally expecting build costs to be in line with the Councils' cost assumptions per square metre.

Meetings with developers (including SMEs)

8. Regular meetings have taken place with developers outside the local plan consultation. So far, meetings have taken place in July 2016, October 2016, January 2017, April 2017, July 2017, November 2017, January 2018, April 2018, July 2018 and September 2018.
9. These meetings have taken place to promote sites that the Council are looking to dispose of, promote the brownfield register and permission in principle, on-going discussions on the Digital Project, a joint meeting with Homes England to promote the Home Building Fund, to discuss the priorities of the Council on housing delivery. These meetings also help to identify appetite to develop in the Borough as well as updating interested parties on the availability of sites and determining whether there are any blockages that the Council can help free up.
10. The SMEs active in Gateshead include Avant Homes, Adderstone Group, MGM Ltd, Patrick Lishman, Pro-Fix Installations, John Moody, Saltwell Park Developments Ltd, Slayco Ltd, Wentworth Construction Ltd, Karbon Homes and Cussins.
11. As part of work alongside the self-build and custom build register, the Council has also been in contact with very small-scale developers. The aim of this work

was to look at unimplemented planning permissions to find out what the sticking points are and who is looking to develop a similar scheme in a matching up style process. A follow-up event is to take place in autumn 2018 to close the information gap and to match up potential small-scale developers with land and permissions.

12. Developers initially approached for the above were those who have gained planning permission for 1-3 dwellings since 2014 who have not implemented their permission, looking at completions through Council Tax records. More recent permissions were considered to be too recent to demonstrate whether the developer is still planning on implementing their permission as there are often organisational and logistical issues to why they have not commenced yet.
13. There was initially a poor response rate from developers and therefore the search has been expanded up to 5 dwellings. This research is still being undertaken.

One to one meetings with volume housebuilders

14. Council officers (Service Director and Housing Growth Co-ordinator) have generally met twice-yearly with larger homebuilders and developers to discuss on-going issues such as latest planning policies and any concerns/issues that developers may have. It was found during this meetings that developers such as volume housebuilders were reticent to discuss some of their concerns and issues in front of rival volume housebuilders. These meetings have now been replaced by one to one meetings with developers and Council officers including the Service Director. This has been found to be more useful as developers are able to discuss issues in confidence. These meetings help to identify appetite to develop in the Borough as well as updating interested parties on the availability of sites and determining whether there are any blockages that the Council can help free up.
15. The volume homebuilders active in Gateshead are Persimmon, Miller Homes, Taylor Wimpey, Bellway, Barratt David Wilson and Story Homes.

Necessary approvals

16. In order to issue this draft action plan for the purposes of the pilot it was necessary for approval to be given from the Council's relevant portfolio holders (Environment and Transport and Housing and Economy Portfolios). For the issuing of a formal report as a consequence of the Housing Delivery Test it will be necessary for approval to be given from the Council's Cabinet.

Challenges and limitations of gathering the information

17. Confidentiality of information has been a key challenge. The Council keeps pre-application discussions confidential and therefore the need for information to be published in the action plan conflicts with this. In addition, the new General Data Protection Regulation (GDPR) may have implications for the publishing of data for the action plan, such as applicants' details for individual planning applications.
18. Despite the survey work there remains gaps in the knowledge on individual sites. This is because developers or landowners could not be contacted or did not respond for information. Where a site was not proposed to come forward in the short term, it was difficult to predict much certainty when a planning application was likely to be submitted and the timescale for implementation.
19. In addition, it was very difficult to get developers (small and large) to disclose information such as costs of development or costs for unforeseen constraints such as land remediation.
20. There are also limitations at the macro level as economic circumstances may change which could result in changes to build out rates and the type of housing being delivered.
21. In comparing other allocated (or proposed to be allocated) local authority sites, there were limitations on comparing on a "like for like" basis as other local plans are at different stages. Both Newcastle and North Tyneside have an up to date recently adopted plan with Newcastle also having a draft site allocations document. Sunderland has a draft Core Strategy with strategic sites listed and it is likely that a forthcoming allocations DPD would allocate more brownfield sites, South Tyneside has an adopted LDF with sites listed and are yet to publish documents on a new local plan, County Durham has a preferred options paper with sites listed and Northumberland has a draft local plan also with sites listed.
22. There were further limitations to the comparisons as site sizes are measured in different ways. For example, some site allocations refer to the area of the site and others to the estimated number of homes and use different criteria for the types of sites included. In addition, Sunderland's draft core strategy understandably only includes strategic sites. Where it was not specified

whether a site was brownfield or greenfield a judgement has been made on these sites as to what categories they would fall under.

23. It is acknowledged that due to the above, a highly accurate comparison was difficult to make. However, it was still possible to look at general similarities and differences between the authorities and therefore the exercise was still worthwhile, especially given the overlapping housing markets and geography.

3. Root Cause Analysis

Planning policy context

1. The Council has an up to date Local Plan through the adoption of the CSUCP in March 2015 (Parts 1 and 2 of the Local Plan). This was a joint plan with Newcastle City Council and sets out the need to deliver approximately 30,000 homes across both areas up to 2030. Out of this, there is a requirement to deliver 11,000 homes (gross) in Gateshead and 19,000 homes (gross) in Newcastle with at least 3750 new homes in the Urban Core and prioritising the Exemplar Neighbourhood site in Gateshead. The first paragraph of the Vision Statement of the CSUCP sets out that:

Our vision is that by 2030 Gateshead and Newcastle will be a more prosperous, attractive and sustainable place to live and work, with improved quality of life and thriving communities. Our population will increase to more than 500,000 and we will create approximately 30,000 new homes in sustainable locations.

2. The CSUCP allocates 14 strategic sites for housing equating to approximately 4191 homes. The sites are a mixture of brownfield sites and greenfield land formerly within the Green Belt. The sites are spread over the urban core, neighbourhoods within the urban area and rural villages. There are also mixed-use sites in the urban core where housing may form a component of any future development as a wide range of uses re permitted. However, given that it is uncertain whether housing will come forward on these sites and its amount, they have not been included as part of this action plan. The sites allocated are set out in Appendix 1.
3. In addition to the above, the draft MSGP allocates a further 98 sites for housing equating to approximately 3005 homes. It is anticipated that MSGP will be adopted in Autumn 2019.

Relationship between allocated sites and planning applications submitted

4. A comparison has been made of allocated housing sites in the Local Plan and what progress has been made on them in terms of getting to the planning

application stage and the reasons for this. Given that MSGP is still at consultation stage, it is acknowledged that little progress will have been made on many of the proposed allocated sites in this document. Therefore, only sites allocated in the CSUCP have been used.

i. Exemplar Neighbourhood (minimum 1000 homes)

No planning application yet submitted. Issues with the site relating to costs of remediation and subsequent impact on site viability. At present there is a funding gap. The site has Housing Zone status which was applied for and granted to help bring forward development however, a subsequent bid for funding through the Housing Infrastructure Fund was unsuccessful. The details of the site are discussed elsewhere in this action plan.

ii. Metrogreen Area of Change (approximately 850 homes initially)

It is anticipated that this site would come forward later in the plan period. There are multiple landowners, so land needs to be assembled. In addition, there is certain infrastructure that is required such as flood alleviation measures and ground remediation. An Area Action Plan is now being prepared for the site in accordance with the requirements of the CSUCP.

iii. Dunston Hill Neighbourhood Growth Site (approximately 530 homes)

A planning application has been submitted for this site and will be determined in the near future.

iv. Middle Chopwell Village Growth Site (approximately 89 homes)

Little progress made, as it is the local community's aspiration that the adjacent Chopwell Heartlands site (to be allocated in MSGP) be delivered first. However, some site investigation work is to be scheduled to inform the first stages of a site masterplan.

v. South Chopwell Village Growth Site (approximately 216 homes)

A planning application has been submitted for this site and will be determined in the near future.

vi. Crawcrook North Village Growth Site (approximately 174 homes)

Planning permission was granted for 187 homes on the site in December 2016. The site is now being built out with approximately 20 homes occupied.

vii. Crawcrook South Village Growth Site (approximately 197 homes)

Planning permission was granted for 169 homes on the site in December 2016. The site is now being built out with approximately 20 homes occupied.

viii. Highfield Village Growth Site (approximately 70 homes)

No planning application has been submitted yet. Initial discussions have taken place with the landowners who have indicated that little progress has been made although there is a volume homebuilder interested in the site.

ix. High Spen West Village Growth Site (approximately 42 homes)

No planning application has been submitted yet. As part landowner, the Council are still in negotiations with the other landowner of the site in order to purchase the whole site or bring the site jointly to the market.

x. High Spen East Village Growth Site (approximately 132 homes)

Outline planning permission for up to 142 homes was granted in December 2016. However, the applicant wishes to make changes to the housing types and increase the capacity of the development and a revised full planning application has been submitted and will be determined in the near future.

xi. Kibblesworth Village Growth Site (up to 225 homes)

An outline application has been submitted for up to 225 homes on the site. The application is currently undetermined as there is disagreement between the Council and developer as to the level of detail on SuDS to be provided at this stage.

xii. Ryton Village Growth Site (up to 550 homes)

Two separate applications have been submitted by the two developers for the site. These applications are currently undetermined as a comprehensive masterplan has not yet been submitted although the developers have indicated that this will be submitted in the near future. This site is discussed in more detail elsewhere in the action plan.

xiii. Sunnyside North East Village Growth Site (approximately 48 homes)

No application has yet been submitted. Initial discussions have taken place with landowners and it is clear that the respective landowners disagree over how to develop or market the site and there is little prospect of a comprehensive masterplan and therefore application coming forward in the near future.

xiv. Sunnyside South East Village Growth Site (approximately 90 homes)

An application has been submitted (albeit delayed – discussed in more detail elsewhere in this action plan) and is expected to be determined in the near future.

5. There are additional sites allocated in the urban core for a mix of uses, which could include housing. On one site (Askew Road West), the Council is in the process of securing funding from Homes England for Accelerated Construction. To help expediate the development of this site, the Council will look to grant Permission in Principle and produce a Development Framework and parameters plan. The purpose of this is to de-risk the site and to assist with delivery.
6. Given the above, there are two sites in which good progress has been made (Crawcrook North and Crawcrook South) which are now being built out. It is considered that reasonable progress is being made on five sites (Sunnyside South East, High Spen East, South Chopwell, Dunston Hill and Metrogreen) in that applications have been submitted and are to be determined in the near future. In the case of Metrogreen, this is a longer-term project and is being progressed as required through the CSUCP.
7. However, in regard to the remaining seven sites it is considered that little or no progress has been made due to lack of agreement from landowners, little appetite from landowners to develop yet, lack of viability or that there are disagreements at planning application stage that could delay the granting of permission.
8. It is acknowledged that just because a planning application has been submitted for an allocated site does not automatically mean that a site will get built-out. In the first place planning permission needs to be granted. Therefore, consideration has also been given to planning permissions granted for new housing developments on the Council's 5-year housing land supply over the past 3 years (3-year period chosen as 3 years is the default period under the relevant planning act for the requirement for development to commence by).

Typology of sites in Gateshead

9. Consideration has been given to the type of sites that are allocated in both the CSUCP and MSGP. The type of sites have been broken down into brownfield/greenfield, size (small, medium or large) by number of units and area and location (urban core, neighbourhoods in the urban area and rural villages).
10. In terms of the size of site, small sites have been based on the definitions in the General Development Management Procedure Order where developments of less than 10 homes or less than 0.5 ha are non-major. For medium and large sites there was an element of subjectivity to their size. It was concluded that medium size builders were more likely to undertake developments between 10 and 50 homes (or 0.5 – 1 ha) and larger volume builders were more likely to undertake developments greater than 50 homes (or greater than 1 ha). The detailed breakdown of the typology of sites is included in Appendix 2.

Brownfield/greenfield split

11. The number of brownfield sites allocated for housing in Gateshead is over four times the number of greenfield sites (86 sites 21 sites respectively). This potentially may result in difficulties or delays in delivery due to potential contaminated land and lower land values. These issues are discussed in more detail later in the action plan. In addition, there is still a sizeable gap between brownfield and greenfield sites based on the number of homes allocated (3755 and 2785 homes respectively) and based on the total site areas in hectares (202 ha and 160 ha respectively).

Site sizes

12. In terms of the number of sites by capacity, the majority of site sizes are small and medium (41 sites and 45 sites respectively) with fewer large sites (26 sites). For the size of site by area, the position differs slightly in that most sites are small (61 sites), with a smaller proportion of large sites (37 sites) and an even smaller proportion of medium sites (14 sites).
13. In conclusion on the types of site, it could be that the larger proportion of brownfield sites has the potential to impact on delivery given the type of constraints normally associated on that type of land, as opposed to greenfield land. However, the use of brownfield land is generally more sustainable than greenfield land and can also help to promote regeneration within the urban core and the general urban area. It is also a National policy aim to encourage more

development on brownfield land. Therefore, there is potentially a conflict between encouraging more development on brownfield land, especially in low value and low demand areas and housing delivery.

14. In regard to site sizes, it is considered that few conclusions can be drawn. There appears to still be a good mix of site sizes suitable for different types of homebuilder (large sites for volume housebuilders and small sites for SME homebuilders).

Site ownership

15. In regard to all the Council’s allocated sites in the CSUCP and MSGP, an analysis has been made of the ownership of whether Council owned, any other public ownership, or whether privately owned, or whether mixed. This analysis also included the number of sites, number of homes allocated and the land area in each category and is shown in the table below.

Ownership type	Number of sites allocated	Number of homes allocated	Land area (ha)
Council	52 (46%)	3159 (44%)	109.85
Other public ownership	1 (1%)	38 (1%)	1.39
Private	55 (49%)	2359 (33%)	108.44
Mixed	4 (4%)	1662 (23%)	139.89

16. From the table the number of sites allocated is dominated by land in Council ownership and land in private ownership with the majority of homes allocated on land in Council ownership. In terms of land area, there is a slight anomaly on mixed ownership sites as this includes Metrogreen which is by far and away the largest site allocated. Although Metrogreen has mixed ownership, most it is in private ownership.
17. In terms of conclusions, the above information demonstrates that the Council has significant control over housing delivery in that it owns land where the majority number of homes are to be delivered and owns many sites and a large area of land.

Comparison between allocated housing sites in Gateshead and allocated housing sites in neighbouring local authorities

18. To try and benchmark the types of allocated housing sites in Gateshead, a comparison has been made with neighbouring local authorities. These local

authorities have been chosen as all except one have a direct boundary with Gateshead and parts of all of them share a housing market with Gateshead. Therefore, the other local authorities are Newcastle, North Tyneside, South Tyneside, Sunderland, County Durham and Northumberland. Initial data on housing delivery suggests that neighbouring authorities have performed better against the HDT than Gateshead.

19. The allocated sites in the most up to date local plan documents for the other authorities have been examined. Both Newcastle and North Tyneside have an up to date recently adopted plan with Newcastle also having a draft site allocations document. Sunderland has a draft Core Strategy with sites listed, South Tyneside has an adopted LDF with sites listed and are yet to publish documents on a new local plan, County Durham has a preferred options paper with sites listed and Northumberland has a draft local plan also with sites listed.
20. The main purpose of the exercise is to see generally whether the proportion of different types of sites in Gateshead is consistent with neighbouring local authorities. The detailed breakdown of the comparison of sites is included in Appendix 3.

Brownfield/greenfield split

21. The proportion of sites have been calculated in percentage terms. In terms of the proportion of sites on brownfield land, the average figure across the 7 local authorities is 58%. Therefore, the Council has a significantly larger proportion of housing sites on brownfield land (79%) than neighbouring authorities. One possible implication of this is that homebuilders operating in the same housing market area may choose to develop less in Gateshead if they consider that brownfield sites are more difficult to develop. A notable exception to this however, would be South Tyneside which has a higher proportion of housing sites on brownfield land than Gateshead but are still projected to pass the Housing Delivery Test.
22. In terms of greenfield land, the average figure across the 7 local authorities is 38% (the greenfield and brownfield proportions do not add up to 100% due to some sites being mixed and not included). Therefore, the Council has a significantly lower proportion of housing sites on greenfield land (17%) than neighbouring authorities. Again, a possible implication is that homebuilders could concentrate delivery within other local authorities in the same housing market which have more greenfield sites to choose from (South Tyneside again being the exception).

Site sizes

23. In terms of the proportion of small sites (by capacities), Gateshead has the highest proportion of any authority (39%) and is significantly higher than the average (19%). This may mean that there are likely to be more sites available for SME homebuilders in Gateshead.
24. In relation to the proportion of medium sites (by capacities), Gateshead (41%) is very close to the average (39%) and it does not appear that there are too many or too few such sites in the Borough and this does not appear to be a factor in terms of lack of delivery.
25. In regard to the proportion of large sites (by capacities), Gateshead (20%) is the lowest local authority and well below the average (42%). This may mean that there are less sites available in Gateshead for larger homebuilders compared to other authorities such as Newcastle and Sunderland.
26. To take a snapshot of allocated sites that are likely to appeal to volume housebuilders (large greenfield sites) a comparison has also been made. This is because volume housebuilders make up a significant proportion of new housing in Gateshead. Gateshead have half the average proportion of large greenfield sites (11% compared to 22%) although North Tyneside, South Tyneside and Northumberland have lower.
27. However, when comparing the proportion of estimated homes on large greenfield sites in relation to total number homes estimated on allocated sites, Gateshead is the second lowest authority and there is a considerable gap between Gateshead, South Tyneside and Northumberland and the remaining authorities. This may lead to volume homebuilders preferring to deliver in authorities such as Newcastle, North Tyneside, Sunderland and County Durham instead.
28. In conclusion, the general comparisons are that Gateshead has a lower proportion of large greenfield sites than many other neighbouring authorities and the highest proportion of small sites. This may result in volume homebuilders choosing to build elsewhere. However, even though Gateshead has a larger proportion of smaller sites suitable for SME homebuilders, there is no evidence to show that this is helping to deliver more homes as the Council is still failing the housing delivery test. This may point to wider market issues in that there are very few SME developers active in the local area.

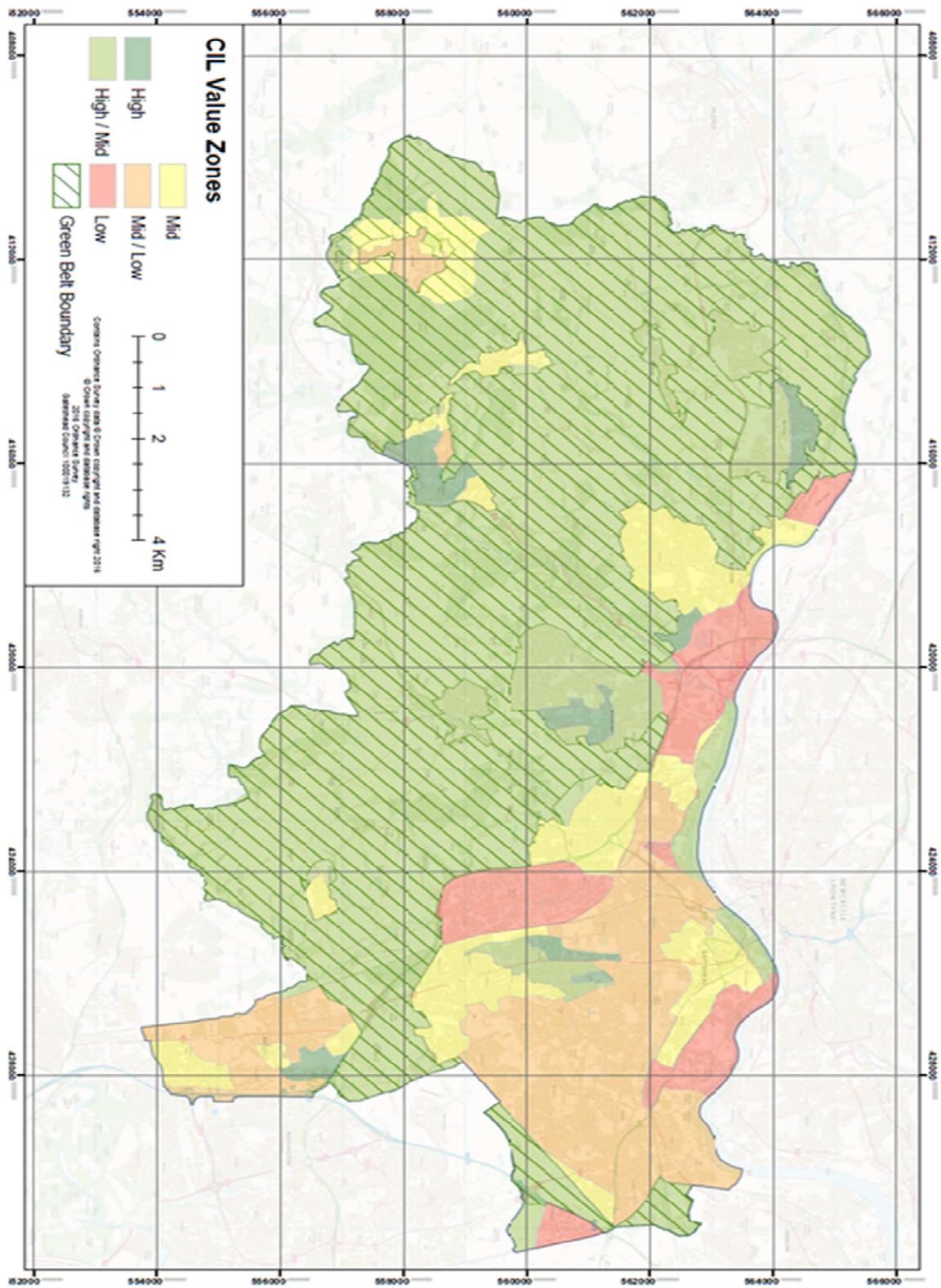
MAIN CONCLUSIONS ON ALLOCATED SITES

- Council has up to date Local Plan.
- Range of site sizes in terms of capacities from very small (3 homes) to large (hundreds of homes).
- Majority of sites are brownfield but there are still a sizeable number of greenfield sites.
- The Council generally has a larger proportion of brownfield sites allocated than neighbouring local authorities.
- The Council generally has a smaller proportion of greenfield sites allocated than neighbouring local authorities.
- The Council has the highest proportion of small sites allocated than neighbouring authorities.
- The Council has an average proportion of medium sites allocated than neighbouring authorities.
- The Council has the lowest proportion of large sites allocated than neighbouring authorities and has the second lowest proportion of large greenfield sites allocated.
- The types of sites and land available in neighbouring local authorities may have an impact on delivery rates of housing in Gateshead.
- The Council owns a significant amount of land which is allocated for housing and therefore has potentially significant influence over delivery.

Issues relating to development costs, values and viability

29. The CSUCP was examined in terms of its deliverability in terms of the viability of development. The Inspector's report (February 2015) covered issues of deliverability in low and low-mid areas of demand where viability is a significant issue. The Inspector concluded that many of the sites were in public ownership and the Council had demonstrated a strong commitment to obtaining finance and bringing them forward. The Inspector also relied on evidence of successful joint venture partnerships with the private sector and give the Council's willingness not to always require the best financial reward, there was a reasonable prospect that most of the sites would deliver. There was no concern over the deliverability and viability of sites in other respects which included a target of 15% affordable housing on sites of 15 homes or more.
30. For MSGP, the Council have commissioned an independent viability and deliverability report. This has tested the costs of the relevant policies within MSGP and the viability and deliverability of site allocations.
31. The report sets out 5 residential viability profile areas in the Borough – these are Low, Low Mid, Mid, High Mid and High as well as sites being either urban/suburban or non-urban. As part of the compilation of the report stakeholder engagement was held with developers. The report also undertook specific site testing based on typologies but looking at a broad spectrum of sites likely to come forward with at least one site in each of the residential viability profile areas, sites close to 15, 50 and 100 dwellings, urban/suburban and non-urban locations and brownfield and greenfield.
32. Key appraisal inputs included; affordable housing at circa 15% (apart from sites below 15 homes); dwelling sizes to meet NDSS averages; sales values/affordable housing transfer values to match the averages used in each residential viability profile area; build costs in line with the BCIS (adjusted to match the low cost developer model if appropriate); contingency, externals and professional fees (adjusted to meet the low cost developer model if appropriate); abnormal allowance; s106 contributions at average amount; CIL at the prevalent rates where applicable; marketing costs; profit at 20% on revenue for market value units, reduced to 6% for affordable; Benchmark Land Values (BLV).
33. Having run the appraisals, the resultant residual land value was compared to the BLV. If the former is higher than the BLV the scheme is deemed to be viable. If it is below the BLV, the scheme is shown to be unviable.

34. The report concludes that the relevant policies within MSGP, such as the Nationally Described Space Standards (NDSS) and public open space standards for new development would not render development unviable. For M4(2) accessible and adaptable standards it was concluded that this should be limited to 25% of dwellings and not any higher proportion. For M4(3) standards it was concluded that this should not be brought forward as this would potentially undermine scheme viability.
35. For schemes in lower value locations it was concluded that specialist private housebuilders (such as low-cost developers with lower build costs) would still be able to deliver viable schemes and therefore delivery in these areas will not be limited to public sector led projects only.
36. Gateshead Council implemented the Community Infrastructure Levy (CIL) in January 2017. As part of this process, viability and deliverability was carried out and ultimately examined by a Planning Inspector. The Council acknowledged that land values and therefore viability of residential development varies across the Borough, including between urban and non-urban areas and therefore proposed a £60 psm charge in high-mid value non-urban areas, a £30 psm charge in high value urban areas and a nil charge elsewhere.
37. The Inspector's report endorsed this approach and concluded that the Council's headroom workings showed sizable buffers for most residential typologies and specific sites in high-mid value non-urban areas and high value urban areas.
38. Given the above, land values vary across sites within the Borough. This is shown on the map below which highlights the residential value areas in the Borough in November 2016 along with the CIL value zones.



Other issues affecting viability

39. These issues relate to ground conditions which are prevalent in Gateshead.

Ground contamination

40. Large parts of the built-up area of Gateshead (and parts of the rural area) have been historically used for heavy industry and as a result there is the potential for the ground to be contaminated. As discussed previously in the action plan, a large proportion of allocated sites are on previously developed land. Clearly this has issues for development viability due to the need to remove contaminated materials off site or provide clean soil. This is vital for residential development, particularly in the interests of human health with future gardens and landscaping and open space. Depending on the extent of contamination this can lead to significant costs.
41. As the presence and extent of contamination can vary from site to site it can be difficult to assign a particular cost without intrusive site investigation works which itself can be costly. This up front cost can generally be absorbed by the larger volume housebuilders with a significant cash flow but can be fatal to SME builders who have a smaller cash flow and often cannot afford high up front costs.
42. Specific examples of contamination affecting sites are as follows.

Former Go-Ahead Bus Depot, Garth Farm Road, Winlaton (Developer - Keepmoat, 27 dwellings).

43. Following the grant of planning permission in March 2015, site preparation works were taking place when high levels of hydrocarbons in the ground were discovered. These posed a risk to the nearby population, future residents of the development and construction workers. The effect of the ground contamination was that development had to be halted and meant a delay of approximately 12 months.

Exemplar Neighbourhood Key Site.

44. This is a large brownfield gateway site in the urban core with the whole site allocated for at least 1000 homes in the CSUCP. The site is particularly important as it is well located in terms of accessibility to Gateshead Town Centre and public transport and has the potential to regenerate a large area. The Council has ambitions for the site to become an exemplar development (hence the name) in terms of its urban design, space standards of home and environmental sustainability. As the Council owns most of the land on the site

the Inspector examining the CSUCP considered these standards to be a realistic expectation.

45. Part of the site has previously been used as a rail freight depot with heavy rail infrastructure. Detailed investigations have found that the site has ground contamination in the form of ash deposits across it which is attributable to heavy metal (predominantly lead) and speciated Polycyclic Aromatic Hydrocarbon (PAH) contamination. In addition, there are stythe gases in the ground and Red Shale on the site as well as several invasive species of plants, such as Japanese Knotweed and Mare's Tail.
46. The cost of remediating the contamination has been assessed as part of a detailed development appraisal to be £5,873,700. This means that the site is unviable to develop even with no land costs (as the Council owns the site). Partial funding has potentially been obtained from Homes England (£2,038,501) but there still remains a funding gap and without this being plugged no homes can be delivered.

Coal mining legacy

47. Large parts of Gateshead have been subject to coal mining with a legacy of former underground mine workings that have implications for new development. Indeed, the administrative area of Gateshead is 3rd in the Coal Authority's league table out of 180 LPAs across England, Wales and Scotland based on the Coal Authority Development High Risk Area as proportion of total land area.
48. Like ground contamination, this has issues for development viability due to the need to deal with mine workings to ensure ground stability. Most commonly this involves concreting mine shafts (a process known as grouting) and can be very costly.
49. As the presence and extent of mine workings can vary from site to site. Whilst the Coal Authority have records of the locations of a large number of former mine workings, a significant number are unrecorded and only come to light when intrusive ground investigations or site preparatory works take place. Whilst this causes upfront costs it can also lead to unexpected costs. Upfront and unexpected costs can generally be absorbed by the larger volume housebuilders with a significant cash flow (although as set out below can still lead to delays and complications) but can be fatal to SME builders who have a smaller cash flow and often cannot afford high up front or unexpected costs.
50. Given that Gateshead has a high risk of former underground mine workings, there is a statutory duty to consult the Coal Authority on a large number of

planning applications and in turn there is a requirement for the developer to submit a Coal Mining Risk Assessment with certain applications. The Coal Authority have powers to object to an application and can also request that certain conditions are imposed on a planning permission (these conditions tend to be prior to commencement conditions and normally require intrusive site investigations to be carried out).

51. Specific examples of former mine workings affecting sites are as follows.

Sunniside South East Village Growth Site

52. The site is mostly greenfield, former Green Belt land which is allocated for approximately 83 homes in the CSUCP. Through the plan-making process, a volume homebuilder agreed an option on the land and once the plan was adopted carried out some site investigations which discovered the presence of mine workings that would need to be grouted. As a result of this, the volume homebuilder sought to renegotiate the price of the land with the landowner to take into account the cost of grouting. No deal was able to be struck which resulted in the volume housebuilder walking away.
53. Since then, a new homebuilder has struck a deal with the landowner and has submitted a planning application for the site but due to the first homebuilder walking away there was a gap of approximately 2 years with no progress.

Crawcrook South Village Growth Site (Developer – Story Homes)

54. The site is greenfield, former Green Belt land which is allocated for approximately 197 homes. Planning permission was granted in December 2016 for the erection of 169 homes. Shortly after preparatory works commenced on site, the developer discovered 8 unrecorded mine shafts which resulted in delays of approximately 3 months and necessitated numerous non-material amendments to the scheme to alter the layout.

Issues relating to infrastructure

55. It is not considered that the provision of infrastructure has been a significant factor in influencing housing delivery in Gateshead (Metrogreen). One example of infrastructure provision relates to two allocated sites in Crawcrook and Ryton. Two of the sites (Crawcrook North and Crawcrook South) are now being built out but Section 106 contributions were successfully sought for both the expansion of a local primary school and upgrades to local road junctions. Extension works to the school are on-going and the works to the junctions are

expected to start in the financial year 2018/19. The site at Ryton has not been granted planning permission yet but has no impact on the primary school mentioned above and any funding gap in the contributions for the junction works will be potentially made up by CIL.

56. In regard to Metrogreen, infrastructure that will be required relates to flood alleviation, utilities re-location and re-provision and transport. Baseline work is still being undertake on these areas and will feed into Area Action Plan for Metrogreen.

Land ownership and assembly

57. There are several allocated sites with mixed ownership. On some of the sites this has brought challenges in terms of bringing land owners together to deliver comprehensive masterplans on sites allocated in CSUCP which is required in accordance with policies CS3 and CS4 and on all policies allocating specific sites. Whilst this approach was agreed with landowners and site promoters during the EIP for the CSUCP, as individual proposals have come forward this has proved difficult. Specific examples are as follows:

Ryton Village Growth site

58. This site is allocated for up to 550 homes. The site is owned by several different parties and is under option to be developed by two different volume homebuilders. The masterplanned approach to the site includes the requirement for a vehicular link-road across the site which cuts across different land ownership and both homebuilders interest. In addition, there is a requirement for landscape and ecological buffers on the edges of the site which also cuts across different land ownership.
59. Once pre-application discussions began on the site, it became apparent that different landowners had different views on what their land was worth and its contribution to the develop (for example using their land to physically build homes on, or to provide landscape and ecological buffers or to provide the link road, or all or some of these). Since then, each volume homebuilder has submitted separate planning applications without a single, comprehensive masterplan which means that the Council is not able to grant planning permission. It is estimated that this impasse has lasted for 3 years.

Sunniside North East Village Growth site

60. This site is allocated for approximately 48 homes. The site is owned by several different parties although it is understood there is no homebuilder lines up. From recent discussions with one of the landowners, it is understood that all landowners are no longer working together which jeopardises the requirement for a comprehensive masterplan.
61. Given the above, where sites are in multiple ownership it can be difficult to progress a comprehensive masterplan, as required in the CSUCP, if landowners have different interests. There are some exceptions to this, such as Dunston Hill Neighbourhood Growth site where the two landowners (the Council and Persimmon) are producing a joint masterplan with permission expected to be granted shortly and Crawcrook North Village Growth site where the Council have sold their part of the site to Taylor Wimpey in order for them to develop a masterplan. Development is now underway on the site.

Development finance

62. From discussions with SME builders and people on the Council's Custom and Self-Build Register, they considered that finance was a key issue. Feedback showed that the private market came with an inflated price and tended to offer disproportionately small sites to accommodate one house, or at the other end of the scale a large site which would require a group of custom builders to come together to make a scheme affordable. The sealed bidding process favours the larger/experienced developers who have specialists required to table a successful bid at the right price.
63. The smaller scale developers (up to five dwellings) were slightly different in that they had gained planning permission and had a site to develop but encountered issues prior to commencing the work. Viability issues financially have a much greater knock on effect than those encountered by larger scale/experienced developers who benefit from economies of scale and can complete the work to a faster timescale and at a lower price. Effectively the profit margins that these SME's gain can often result in a disproportionate amount of work, and therefore decide to cut their losses and never implement the permission. The land is often then resold on the open market at a higher price due to gaining planning permission for housing in the process.
64. This also highlights the problem of cash flow with developers at the lower end of the SME scale. As the land buying and planning system can require a large amount of money to be paid up front (to secure an option on land and to submit survey work with a planning application) at risk that permission could still be

refused. This appears to be dissuading smaller developers to build. At the opposite end of the scale volume homebuilders have large cash flows and can afford to pay for an option on land and carry out large amounts of survey work to accompany planning applications.

Reliance on volume homebuilders

65. The majority of new housing completions in Gateshead are carried out by volume homebuilders. Relying only one source for most of housing delivery means that delivery is vulnerable to changes to market conditions and the business model of volume homebuilders which depends on “absorption rates”. These are described at paragraph 4.2 of the Independent Review of Build Out Rates Draft Analysis, being carried out by the Rt Hon Sir Oliver Letwin MP as, *“the rate at which newly constructed homes can be sold onto (or are believed by the house builder to be able to be sold successfully into) the local market without materially disturbing the market price”*.
66. In 17/18, 52% of completions were by volume homebuilders (next was the joint venture Gateshead Regeneration Partnership comprising the Council, Galliford Try and Home Group with 19%). In 16/17, 54% of completions were by volume homebuilders (next was SME developers at 22%). In 15/16, 59% of completions were by volume homebuilders (next was Registered Providers at 18%). The average over 2015 to 2018 was 55% of completions by volume homebuilders (next was SME builders at 17%). The figures are set out in detail in Appendix 4.
67. The figures show that volume homebuilders provide double the completions of the nearest group. Whilst it demonstrates the reliance on a small pool of volume homebuilders in Gateshead it also highlights the need to boost delivery from other groups.

Development in neighbouring local authorities

68. Gateshead is bordered by five other local authority areas, many of which have ambitious plans for housing growth. These local authorities were used for comparison earlier in this action plan. The North East is a region of relatively low housing demand (the median house price to median income ratio ranges from between 4.4 to 5.8), and as such high levels of housing delivery in some areas has potential to offset demand in another area. The issue is made more acute by the dominance of volume housebuilders in the region, limiting potential for other developers to contribute to delivery, and skewing delivery of housing to a relatively small number of sites within disproportionately few local authority areas.

69. Although it is not possible to directly relate high housing growth in some parts of the region to sluggish delivery rates in Gateshead, it is nonetheless relevant to note that over the period 2014/15 to 2016/17, combined housing delivery across the seven North East Local Authority areas amounted to 126% of the indicative level of housing need in the area². This suggests that neighbouring local authority areas are accommodating housing need that would otherwise be accommodated in Gateshead. This is especially the case where neighbouring local authorities are located within the same housing market area as Gateshead.
70. Whilst additional research may be required it could be that the high levels of delivery within neighbouring local authority areas which share a housing market with Gateshead are affecting the delivery rates in Gateshead as they potentially have a “competitive advantage” with larger greenfield sites and funding.
71. Homes England’s Land Development and Disposal Plan (June 2018) shows several greenfield sites in neighbouring authority areas which are likely to be attractive to volume homebuilders and could affect delivery in Gateshead. These sites include; Land at St George’s Hospital, Morpeth (Northumberland); Prudhoe Moor (Northumberland); and Land at West Hartford (Northumberland). In addition, Home England’s Marginal Viability Fund is supporting greenfield sites at Killingworth Moor (North Tyneside), St Georges Hospital (Northumberland).
72. Given the absorption rate concept described above, a volume housebuilder operating on a site in a neighbouring authority but within the same housing market area as Gateshead may wait for all homes to be sold on that site before moving on to a site in Gateshead. This highlights the potential for the implications of the HDT to be across the local housing market rather than solely within the administrative boundaries of a local authority.

High number of demolitions counts against net additions

73. Gateshead has had a significant proportion of low-demand, poor quality housing (Gateshead was part of a Housing Market Renewal Area as part of the former Pathfinder programme) which is required to be demolished and replaced with new homes to better address housing needs and aspirations as identified in the Strategic Housing Market Assessment (SHMA). The demolition and

² Housing delivery as set out in MHCLG live Table 122 (April 2018), across County Durham, Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside and Sunderland local authority areas, compared against housing ‘target’ as indicated by transitional arrangements provided within the Housing Delivery Test measurement rule book (i.e. 10-year average household growth taken from MHCLG’s 2012 and 2014-based household projections)

replacement of low-demand poor quality housing is supported in the CSUCP as part of the wider regeneration programmes in the Borough.

74. Given that housing delivery is based on net additions, Gateshead has been severely affected by the number of demolitions taking place. A further issue is that the properties demolished have tended to be small houses and flats and they have been replaced by more in demand larger family homes so generally the number of homes demolished is a greater number than the homes replacing them (see Bensham/Saltwell example below). In addition, there can sometimes be a lag between dwellings demolished and new dwellings constructed.
75. In the future, the Council will continue to review their stock of properties and assess the economic viability of refurbishing properties against demolition. Therefore, if it is not economically viable to refurbish properties further demolitions are likely to occur. In terms of the impact that the demolitions have these are shown below:

2017/18

New build completions:	232
Net conversion:	-11
Net change of use:	47
Demolitions:	107
Total net additions:	161

Impact of demolitions on total net additions as a percentage: 39%

2016/17

New build completions:	348
Net conversion:	-3
Net change of use:	54
Demolitions:	130
Total net additions:	269

Impact of demolitions on total net additions as a percentage: 32%

2015/16

New build completions:	401
Net conversion:	5
Net change of use:	9

Demolitions:	164
Total net additions:	251

Impact of demolitions on total net additions as a percentage: 39%

Bensham/Saltwell example

76. This regeneration project comprises of 3 sites within a single neighbourhood area. One site is more advanced than the others (Saltwell Road West) and permission was granted for the demolition of 115 homes, 3 retail units and 14 garages and the erection of 99 homes in their place. Therefore, as a result of the development there was a net reduction of 16 homes.
77. However, it should be noted that the net reduction in homes relates to the whole purpose of the regeneration project which was to restructure the local housing choice from unpopular, predominantly small houses and flats to a greater mixture of accommodation including a much greater level of homes suitable for families. The slightly lower density of the new development to incorporate better design including generous internal space standards and gardens has resulted in fewer “replacement” homes. The development is almost complete and has been shortlisted for a regional RTPPI Planning Excellence Award.
78. Therefore, whilst the development has been highly successful in regenerating an area, providing well designed homes and providing a wider choice of housing, it still has the effect of reducing net additions. The above is not a single, isolated example in that the CSUCP sets out the importance of family housing in retaining and growing the population and requires that new housing development across the Borough provides 60% of homes that are suitable for families.

Speed in determining planning applications

79. For the period 2016/17 the Council determined 90% of major planning applications within 13 weeks (against a national target of 60%) and 95% of minor planning applications within 8 weeks (against a national target of 65%).
80. For the period 2015/16 the Council determined 100% of major planning applications within 13 weeks (against a national target of 60%) and 82% of minor planning applications within 8 weeks (against a national target of 65%).

81. For the period 2014/15 the Council determined 97% of major planning applications within 13 weeks (against a national target of 60%) and 78% of minor planning applications within 8 weeks (against a national target of 65%).
82. Given the above, the Council performs consistently very well in its speed in determining planning applications. This is likely to be a factor in favour of increasing the delivery of new homes.

Proportion of planning applications for new homes that are granted

83. The table below shows the outcome of all applications for new homes (including changes of use and conversions) since 2014/15.

Year	Total Decisions	Granted	Refused	Withdrawn
2014/15	83	63 (76%)	12 (14%)	8 (10%)
2015/16	97	72 (74%)	9 (10%)	16 (16%)
2016/17	89	65 (73%)	14 (16%)	10 (11%)
2017/18	91	68 (75%)	12 (13%)	11 (12%)

84. The table shows that the majority of planning applications for new homes are approved.

Number and type of conditions and planning obligations imposed on planning applications for new housing in Gateshead.

85. In regard to the 119 sites on the Council's 5-year housing supply, 75 of these have been granted planning permission (either still extant or expired). Out of these, 15 were granted subject to a Section 106 Agreement. This represents only 20% of sites and therefore it is not considered that Section 106 Agreements would have a significant impact on delivery.
86. In regard to planning conditions, due to the size of the task, it has not been possible to look at all conditions associated with planning permissions. However, during discussions with all developers anecdotal evidence has been provided by them suggesting that too many conditions are imposed on permissions and they take too long to discharge. Clearly, this has the potential to delay the delivery of sites particularly if conditions require information to be submitted prior to commencement of the development.

87. However, during discussions with Development Management officers, it has been made clear that very often conditions are imposed due to a reluctance from developers to submit information prior to a planning application being determined. This is because the submission of information will be a cost to the developer and there is still a risk that permission will not be granted. This risk is greater on applications that are determined by the Council's Planning and Development Committee as Members may not support the Officer recommendation. Despite this, more thought could be given to the number and type of planning conditions and this is considered later in the action plan.

Community Infrastructure Levy (CIL)

88. CIL came into force in Gateshead on 1 January 2017. Prior to this there was a rigorous examination of the impact on CIL and whether sites would still be viable. The charging schedule therefore included varying rates in different parts of the Borough and this was ultimately endorsed by the examining Planning Inspector. Since CIL has been in force there has been no evidence that it has prevented the delivery of development.

MAIN CONCLUSIONS ON OTHER ISSUES RELATING TO DELIVERY

- In terms of **land values**, this varies across Gateshead, but allocated housing sites should be viable.
- In terms of **development costs**, there is evidence that ground conditions from former coal mining and contamination adds significantly to these and can also delay delivery.
- **Infrastructure** is generally not an issue that has affected delivery in Gateshead, however, the Metrogreen site will require significant infrastructure provision going forward. Given the early stages of progress on the site, it is not yet known whether infrastructure provision will affect delivery.
- **Land ownership and assembly** is affecting delivery on several sites allocated in the CSUCP. This mostly relates to the need for a comprehensive masterplan and affects sites with multiple landowners who are not in agreement with each other as how to bring the site forward.
- **Development finance** adversely affects smaller developers in comparison to volume homebuilders.
- **Reliance on volume homebuilders** is potentially delaying delivery given the business models of such homebuilders.
- **Development in neighbouring authorities** is potentially delaying delivery in Gateshead as volume homebuilders concentrate on sites elsewhere.
- **High number of demolitions** is having a significant impact on net delivery in Gateshead. This is a particular problem given that demolition is required to provide more popular and better housing.
- **Speed of decision making** within Gateshead is excellent with Government targets on the determination of planning applications consistently exceeded.
- The **majority** of planning applications for new homes are **approved**.
- **Section 106 Agreements** do not appear to be a significant factor in terms of delivery given that they are only attached to a small number of permissions.
- **Conditions imposed on planning permissions** appear to be a factor to a certain extent, particularly in terms of time required to discharge conditions and conditions requiring details to be approved before development takes place. Conversely, the imposition of certain conditions can mean that permission is approved instead of refused and can avoid developers having to submit information up front at their own risk.
- Given the relatively recent implementation of **CIL**, it cannot yet be ascertained whether this is having an impact on delivery. However, based on the endorsed evidence behind the charging schedule it is considered that development is still viable even with CIL.

4. Key Actions & Responses

1. The root cause analysis highlights that there are many different factors affecting the delivery of housing, to a greater or lesser extent in Gateshead. In determining the key actions and responses to these root causes the following will need to be bared in mind:
 - The extent to which the issues are affecting delivery and therefore the extent to which factors are most likely to be improved.
 - The extent to which the issues are within the Council's control and depending on this, the other stakeholders that will need to be involved.
 - The timescales required for key actions and responses. For example, some could be achieved in the short term, but others may be medium or long term.
 - Any unintended consequences from key actions and responses.
 - Measures which the Council currently has in place.

Extent to which the issues are affecting delivery

2. From the root cause analysis, the following issues are having the greatest potential impact on delivery.
 - The number of demolitions within the Borough which affect the net provision of housing.
 - The reliance on volume homebuilders for delivery which also makes the Council vulnerable to development in other local authority areas.
 - Difficult financial conditions for SME homebuilders in Gateshead.
 - Ground conditions in the Borough, in particularly relating to former mine workings and contaminated land.
3. It is therefore considered that tackling the above issues will provide the best opportunity of boosting delivery.
4. There are other factors which are potentially affecting delivery to a lesser extent where action on these is still likely to be worthwhile. These are:
 - Improving the use of planning conditions.

Extent to which the issues are within the Council's control

5. There are several issues directly within the control of the Council. These include the number of demolitions within the Borough, speed of decision making, imposition of planning conditions and planning obligations (Section 106 Agreements) and whether to retain CIL.
6. Whilst not expressly stated in the root cause analysis, the Council owns a significant portion of land allocated for housing in the Local Plan and therefore

has control over the development or release of this land. In addition, the Council has set up a trading company to build its own housing. This includes social housing and housing for market sale. Therefore, the Council has control over delivery as a developer in its own right.

7. In terms of issues that the Council has less control over these would include the actions of volume homebuilders and the actions of neighbouring local authorities so rather than focusing on these issues it may be more worthwhile to focus on other measures which will still have the effect of boosting delivery.

Timescales required for key actions and responses

8. In terms of short term timescales, some measures such as improving the use of planning conditions, maintaining the speed of decision making and continuing the regular dialogue with homebuilders are easily implementable.
9. In regard to the medium and longer-term timescales, this would include measures to reduce the reliance on volume homebuilders, accelerating the use of Council land for homebuilding and increasing the amount of housing delivered by SME developers, Registered Providers or the Council as its own developer.

Unintended consequences

10. In regard to demolitions, the simplest action would be to cease demolitions in the Borough. This would have an immediate effect of boosting net additions. However, this would mean that many dwellings would stand empty. In addition, it would not resolve the issues of unpopular housing and the Council's aim (reinforced in the CSUCP) of widening housing choice. Before embarking on the demolition programme the Council carried out an assessment of the viability of refurbishment rather than demolition and it was clearly concluded that it would be uneconomic to refurbish homes and the problem of an over provision of small houses and flats would remain.
11. Therefore, for the reasons outlined above it is not considered that it would be appropriate for the Council to cease demolition.

Measures that the Council currently has in place

12. There are currently several measures that the Council has in place to boost housing delivery and deal with most of the issues highlighted in this action plan. Many of these measures have recently been put in place so their effectiveness is still to be measured. Some of the measures have been in place for a significant period of time and whilst they may be helpful in their own right have not have necessarily boosted delivery. The measures are as follows:

Encouraging more SMEs to develop in Gateshead

13. Since the 2008 economic crash the number of SMEs developing in Gateshead (and elsewhere) has dwindled. Current difficulties that SMEs face are the lack of finance and cash flow, lack of sites and the complexity of the planning system (as explained earlier in this action plan).
14. To assist SMEs (and at the same time increase the amount of Council land coming forward for development), the Council has prioritised the use of PIP on sites on the brownfield land register that it owns. Alongside the PIP is a development framework for each site which includes information on constraints (including the results of any surveys already carried out) and an example layout. The purpose of this is to de-risk sites for SMEs and reduce their up-front costs and therefore make sites more attractive to them. The PIP and development framework are included in the site marketing details.
15. The Council's development and disposal plan is available on-line and identifies all sites likely to be made available for disposal in the next three years. During the course of the year the Council assess further potential surplus sites which could be made available for development and the plan is subsequently updated to include suitable sites.
16. In addition, the Council is working with Future Cities Catapult with funding from MHCLG on a digital project to digitise information on sites in Gateshead, including geological and land contamination information. Again, this is primarily aimed at SME developers to de-risk sites and to provide them with as much information as possible up front.
17. The above measures are fairly recent and will need to be kept monitored as to their effectiveness although there has been generally positive feedback from SMEs.

The Council's Joint Venture (JV) partnership

18. The Council has a JV partnership with Galliford Try and Home Group to develop several sites within Gateshead. This is known as the Gateshead Regeneration Partnership (GRP). The premise of the partnership was a joint risk and reward with the Council able to offer up its land. As the sites are

located in areas with different land values the aim was for more “profitable” sites to fund development in areas where viability was a lot more challenging. So far, the partnership has nearly completed two sites each yielding 294 homes in total.

19. As can be seen, this has helped to boost housing delivery but there are still several sites left to develop, many within areas where viability is challenging.

The Council as a developer in its own right

20. The Council has set up a trading company to develop its own sites primarily on Council-owned land. This will involve the development of social housing and private market sale housing. There are currently two sites under construction which will deliver 58 homes with more sites in the pipeline. Again, this a fairly recent innovation but it is starting to result in homes being delivered.

Liaising with developers who are building out current sites.

21. This involves a dedicated Council officer making early contact once planning permission has been granted and working with the developer to discharge planning conditions and to deal with any unforeseen circumstances which may necessitate amendments to the scheme. This process has worked quite well, particularly with the Crawcrook South scheme and has enabled amendments to the scheme to be progressed quickly and thus reduce any delays to delivery. However, it is also reliant on the homebuilder to involve Council officers and keep them updated.

Liaising with developers who have planning permission but are yet to build out

22. This relies on the case officer for the application keeping in contact with the developer. This has worked well in the case of the High Spen East site where the developer has reviewed the housing types and numbers that it already has permission for and concluded that the scheme was not deliverable and worked with officers to come up with a revised scheme.

Liaising with developers through the planning process where there is an application yet to be determined.

23. This is a regular “run of the mill” part of the Development Management process but a specific example of this is the Ryton site where the Council has engaged with the developers (and landowners) to try and facilitate a comprehensive masterplan. The Council also enlisted the assistance of the then Advisory Team for Large Applications (ATLAS). Whilst this has resulted in positive intentions from the developers to facilitate the masterplan, it had not been submitted at the time of the publication of this action plan.

Liaising with developers/landowners with an allocated site where a planning application is still to be submitted

24. This has had less success as landowners did not have any immediate proposals to bring the sites forward (it should be noted that the Local Plan period runs until 2030).

Regular general meetings with developers

25. The details of these meetings are set out elsewhere in this report, but the meetings involve meeting separately with SMEs and RPs and volume homebuilders.

Revising internal structures within the Council's planning-related teams to support delivery

26. This is currently in progress but involves creating a single team of internal consultees on development proposals on areas such as transport, contaminated land, ecology, landscape and drainage. This is to reduce the conflict between competing priorities and to provide clear advice on development proposals with a specific aim of increasing housing delivery.

Maintaining a long-term relationship with Homes England

27. This is important in terms of securing various funding for sites, particularly those that have abnormal costs or difficult infrastructure challenges. Although the Council has been unsuccessful for some funding, it has recently secured funding for accelerated construction which will help to speed up the delivery of approximately 4 sites.

Reviewing planning conditions

28. Discussions are to take place with a homebuilder to review conditions imposed on a planning permission. These conditions were originally imposed following consultation with that homebuilder. The review is a good opportunity to look at any unintended consequences of the wording of conditions and the impact that the conditions had on the delivery of the scheme.

Actions on specific sites

29. There are two sites (Askew Road West and Brandling) which are Council-owned, allocated for housing-led development in the Local Plan and where funding from Homes England's Accelerated Construction Fund has potentially been secured. These two sites would make use of brownfield land and would have the potential to deliver approximately 340 homes in total. Preliminary work has commenced in looking at site constraints, but this is intended to progress in providing a parameters plan, development framework and ultimately granting PIP. This will help to de-risk the sites and then along with Homes England for

the Askew Road West site procure a developer and on the Brandling site pass over to GRP to develop.

30. Given the above, some of the above measures are relatively recent and time will be required to judge their success in terms of housing delivery. Other measures that have been in place longer have led to positive outcomes and it is considered that they should continue. However, it is considered that some of the measures should be accelerated, in particular the measures that the Council has most control over and have the greatest impact on delivery (demolitions notwithstanding).

31. The tables below set out the proposed actions, how they will be implemented, by whom and when. It should be noted that some of the actions undertaken such as maintaining relationships with Homes England and developers and the revisions to internal structures will continue but are not specific actions to focus on. This is so that the focus can be on a manageable number of tasks. In addition, the actions proposed are considered to have the potential to have the biggest impact on delivery (demolitions notwithstanding) and are firmly within the Council's control.

32. There are further "follow up actions" that could be adopted if it appears that the Council will still fail the Housing Delivery Test in November 2019. These involve taking the Brownfield Register and Development Framework actions further and could include ensuring a certain number of sites are marketed each year or are taken forward for in-house development through the Council's trading company.

Actions	How implemented	Who responsible	Timescales	Already in place?
Increase the production of development frameworks to at least two per month	Produce development framework which is used to then support developers.	Spatial Planning and Housing Strategy Team and Property Services.	Two frameworks per month commencing November 2018 (short term).	Partially – frameworks are currently produced but not as regularly.
Increase the production of Council-owned land entered onto Part 2 of the Brownfield Register and granted PIP (partially in parallel with development frameworks above) to one per month.	Enter sites onto Part 2 of the Brownfield Register and grant PIP.	Spatial Planning and Housing Strategy Team, Development Management team and Property Services.	One site placed on Part 2 of the Brownfield Register and granted PIP each month commencing November 2018 (short term).	Partially – some sites are coming forward for PIPs but not as regularly.
Roll-out the digital tool providing site information.	Tool is available to use on the Council's website.	Spatial Planning and Housing Strategy team, IT services.	Spring 2019 (medium term).	No
Review of planning conditions in conjunction with homebuilder to ensure that they do not unduly delay delivery.	Provision of new wording of conditions and trigger points for officers to use.	Spatial Planning and Housing Strategy team, Development Management team, homebuilder.	December 2018 (short term).	No
Askew Road West site – enable development to come forward by de-risking site and providing clear information on constraints and how they can be overcome.	Provide parameters plan, development framework and enter site onto Part 2 of the Brownfield Register.	Spatial Planning and Housing Strategy team, Development Management, Property Services, Homes England.	March 2019 (medium term).	Partially – initial work has commenced.
Brandling site – enable development to come forward by de-risking site and providing clear information on constraints.	Provide parameters plan, development framework and enter site onto Part 2 of the Brownfield Register.	Spatial Planning and Housing Strategy team, Development Management, Property Services, GRP, Homes England.	March 2019 (medium term).	No

5. Project management and monitoring arrangements

1. The actions set out in the previous table are all short term and medium term and are capable of being measured. The timescales for each action to be completed are well in advance of the second publication of the Housing Delivery Test results in November 2019. Therefore, there should be ample time to review the extent that actions were successful.
2. The table below sets out how the actions will be monitored and reviewed. In terms of reporting, this would be done annually to the Council's Cabinet, the Council's relevant Portfolio holders and to the Council's Planning and Development Committee and set out the success of measures. Following the annual publication of the Housing Delivery Test results, any future requirement for an Action Plan and the contents of the plan would be signed off by Cabinet.

Action	How monitored	Timescale	How will we know when achieved
Increase the production of development frameworks to at least two per month.	Spatial Planning and Housing Strategy team monitor progress and are also directly involved in producing the frameworks.	Commencing in November 2018.	We will have a "flow" of development frameworks of at least two per month.
Increase the production of Council-owned land entered onto Part 2 of the Brownfield Register and granted PIP (partially in parallel with development frameworks above) to one per month.	Spatial Planning and Housing Strategy team will monitor the number of sites being entered onto Part 2 of the register and initiating initial progress. Development Management will monitor the actual "decision" on whether to enter the site onto Part 2 and grant PIP.	Commencing in November 2018.	At least one site per month will be entered into Part 2 of the Brownfield Register and granted Permission in Principle.
Roll-out the digital tool providing site information.	Spatial Planning and Housing Strategy team are directly involved in rolling out the tool and will therefore be able to directly	Rolled out in Spring 2019.	The digital tool will be rolled out and be available on the Council's website.

	monitor.		
Review of planning conditions in conjunction with homebuilder to ensure that they do not unduly delay delivery.	Development Management will monitor the use of conditions and their trigger points on planning permissions.	Commencing in December 2018.	Planning permissions issued will have conditions imposed which do not unnecessarily delay the delivery of housing.
Askew Road West site – enable development to come forward by de-risking site and providing clear information on constraints and how they can be overcome. Provide parameters plan, development framework and enter site onto Part 2 of the Brownfield Register.	Spatial Planning and Housing Strategy and Development Management teams (working alongside Homes England) will be able to monitor the provision of the parameters plan, development framework and the entering of the site onto Part 2 of the Brownfield Register.	March 2019	A parameters plan, development framework and permission in principle will be in place.
Brandling site – enable development to come forward by de-risking site and providing clear information on constraints and how they can be overcome. Provide parameters plan, development framework and enter site onto Part 2 of the Brownfield Register.	Spatial Planning and Housing Strategy and Development Management teams (working alongside Homes England) will be able to monitor the provision of the parameters plan, development framework and the entering of the site onto Part 2 of the Brownfield Register.	March 2019	A parameters plan, development framework and permission in principle will be in place.

3. The process for reporting arrangements can be seen in the following diagram.

April - June
2019

- Review whether actions were achieved.
- If not achieved, review the reasons why.

September
2019

- Predict likelihood of passing HDT.
- If likely to pass, review the reasons why.
- If likely to fail, review the reasons why.

November
2019

- Report to Cabinet, Portfolio Holders and Planning and Development Committee on outcome of actions and HDT.

November
2019 - March
2020

- Produce Action Plan (whether HDT is passed or failed).
- Base Action Plan on results and lessons learned from previous actions.

March 2020

- Get Cabinet sign-off on Action Plan to run until next results of HDT in November 2020.

April 2020

- Repeat above steps.

Appendix 1

Housing sites allocated in the Core Strategy and Urban Core Plan

- Exemplar neighbourhood, 40 ha (brownfield land) – allocates a minimum of 1000 homes. Located within the urban core.
- Metrogreen Area of Change, total 106 ha (brownfield land) – an initial allocation of 850 homes. It is considered that in the post plan period an additional 1300 + homes could be delivered.
- Dunston Hill Neighbourhood Growth Site, 23.7 ha (former Green Belt, mostly greenfield land) – allocated for approximately 530 homes.
- Middle Chopwell Village Growth Site, 4 ha (former Green Belt, mostly greenfield land) – allocated for approximately 89 homes.
- South Chopwell Village Growth Site, 7.7 ha (former Green Belt, greenfield land) – allocated for approximately 216 homes.
- Crawcrook North Village Growth Site, 7.3 ha (former Green Belt, greenfield land) – allocated for approximately 174 homes.
- Crawcrook South Village Growth Site, 8.3 ha (former Green Belt, greenfield land) – allocated for approximately 197 homes.
- Highfield Village Growth Site, 3.4 ha (former Green Belt, greenfield land) – allocated for approximately 55 homes.
- High Spen West Village Growth Site, 1.48 ha (former Green Belt, greenfield land) – allocated for approximately 42 homes.
- High Spen East Village Growth Site, 6.3 ha (former Green Belt, greenfield land) – allocated for approximately 132 homes.

- Kibblesworth Village Growth Site, 19.5 ha (former Green Belt, greenfield land) – allocated for up to 225 homes.
- Ryton Village Growth Site, 29.1 ha (former Green Belt, greenfield land) – allocated for up to 550 homes.
- Sunnyside North East Village Growth Site, 2.1 ha (former Green Belt, mostly greenfield land) – allocated for approximately 48 homes.
- Sunnyside South East Village Growth Site, 3.6 ha (former Green Belt, mostly greenfield land) – allocated for approximately 83 homes.

Appendix 2

Detailed breakdown of site typology in Gateshead

Fig. 1a – Brownfield/greenfield split based on number of sites including percentages

Brownfield	Greenfield	Mixed
86 (77%)	21 (19%)	5 (4%)

Fig. 1b – Brownfield/greenfield split based on number of sites (chart form)

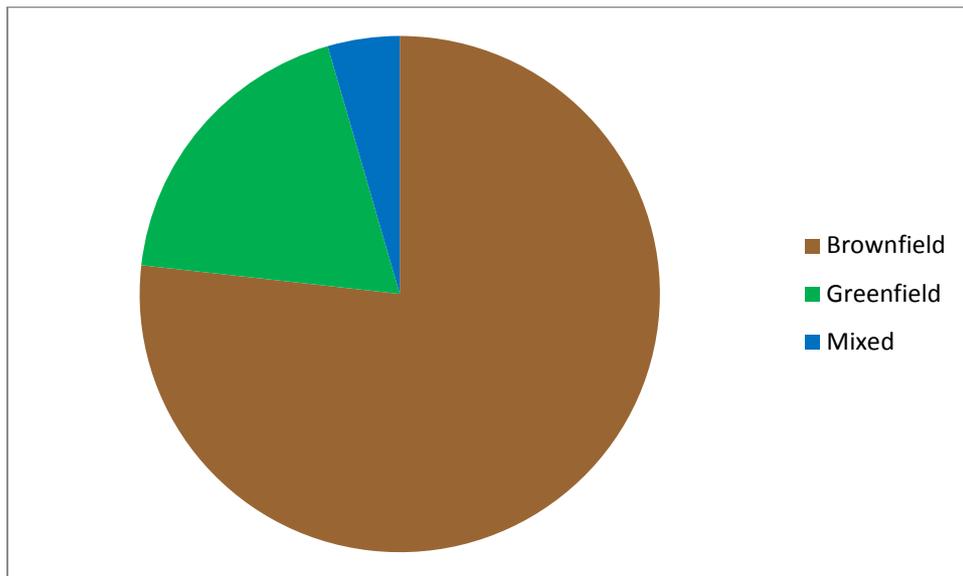


Fig. 2a – Brownfield/greenfield split based on number of homes allocated including percentages

Brownfield	Greenfield	Mixed
3755 (52%)	2785 (39%)	656 (9%)

Fig. 2b – Brownfield/greenfield split based on the number of homes allocated (chart form)

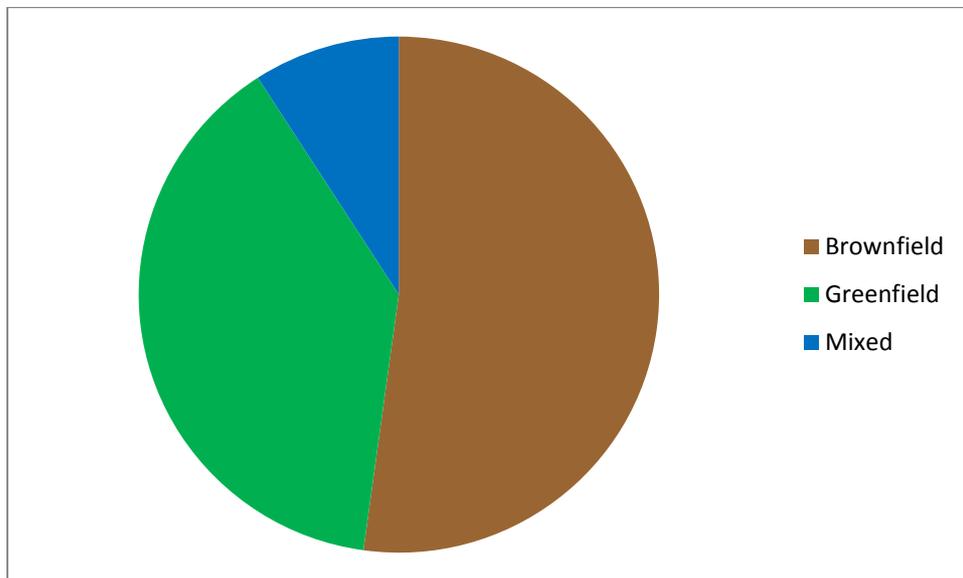


Fig. 3a - Brownfield/greenfield split based on total site areas in hectares including percentages

Brownfield	Greenfield	Mixed
202 (52%)	160 (42%)	24 (6%)

Fig. 3b – Brownfield/greenfield split based on total site areas in hectares (chart form)

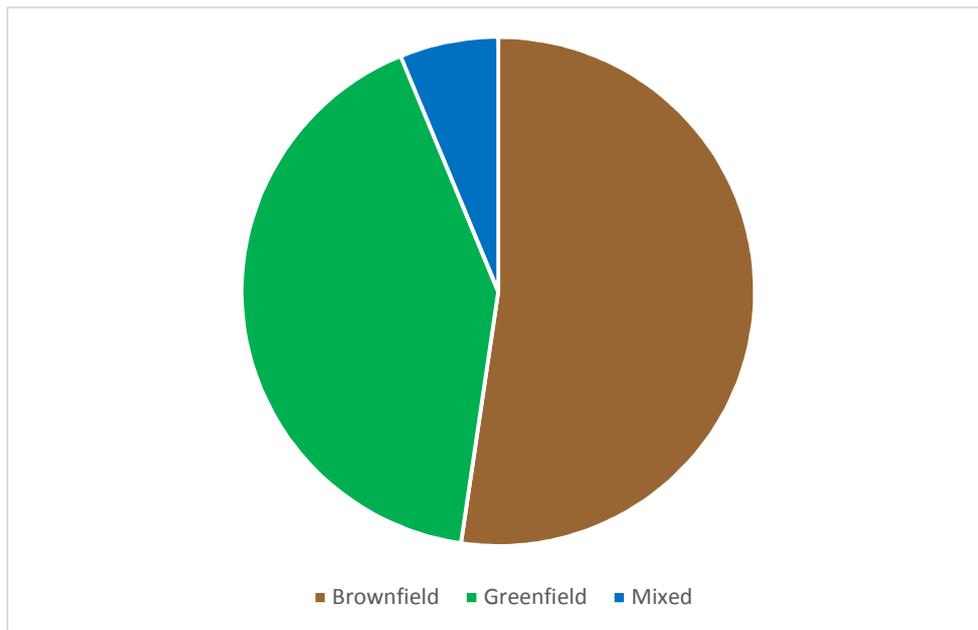


Fig. 4a – size of site based on capacity including percentages.

Small (less than 10 homes)	Medium (10-50 homes)	Large (over 50 homes)
41 (37%)	45 (40%)	26 (23%)

Fig. 4b – size of site based on capacity (chart form)

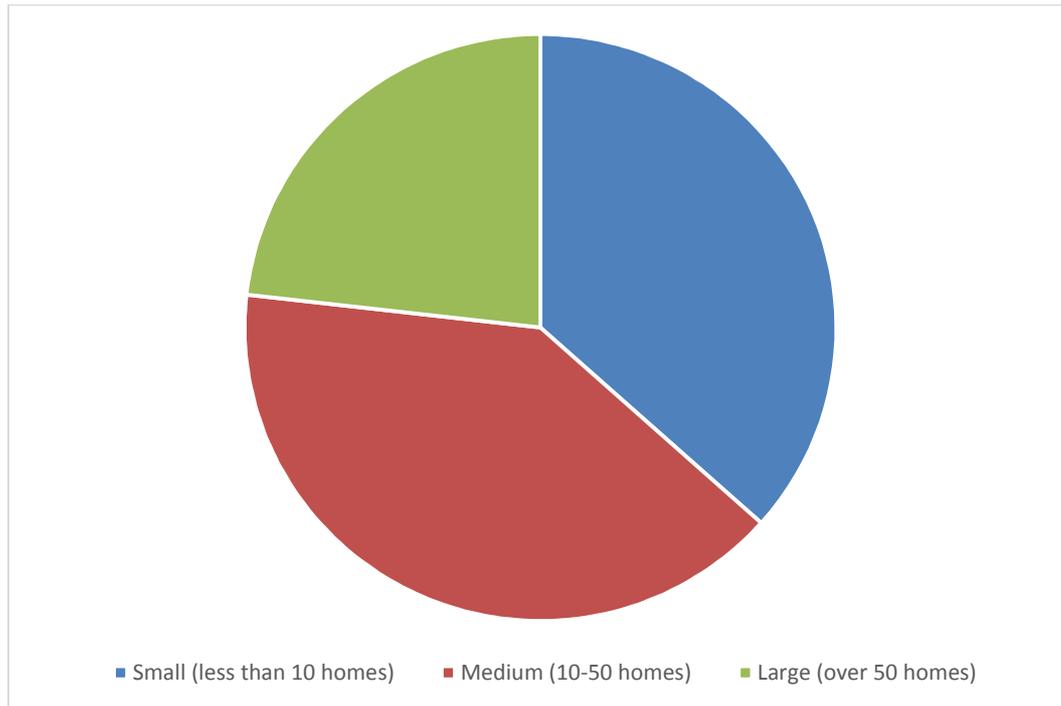
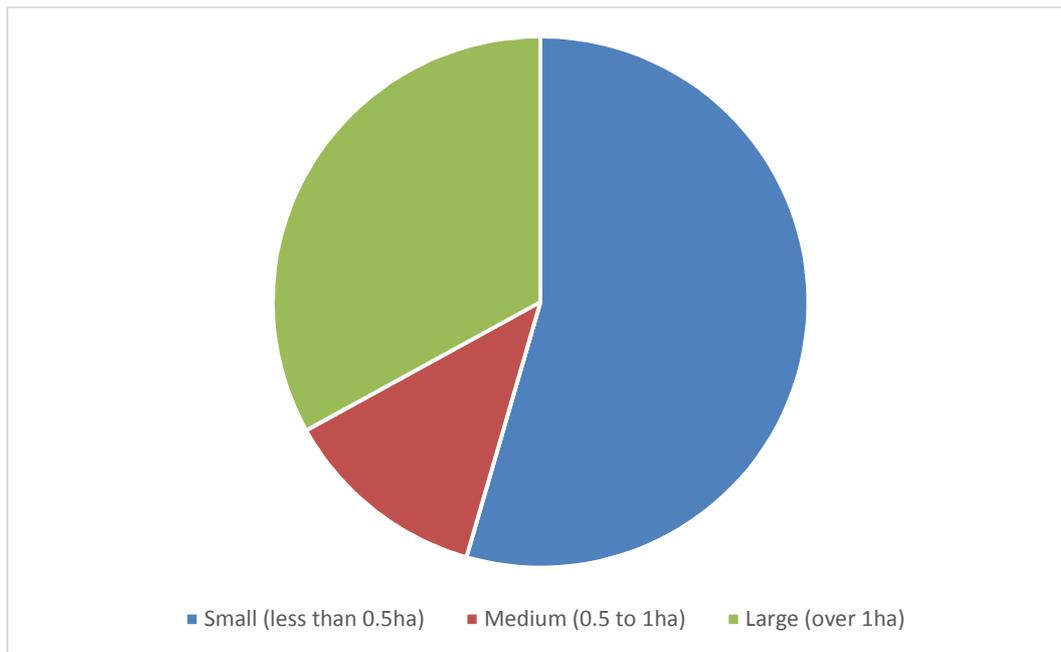


Fig. 5a – size of site based on area including percentages

Small (less than 0.5ha)	Medium (0.5 to 1ha)	Large (over 1ha)
61 (54%)	14 (13%)	37 (33%)

Fig. 5b – size of site based on area (chart form)



Appendix 3

Detailed breakdown of comparison of sites in Gateshead and those in neighbouring Local Authorities

Fig. 6a – proportion of sites on brownfield land

Gateshead	79%
Newcastle	55%
North Tyneside	76%
Sunderland	8%
South Tyneside	84%
Northumberland	59%
County Durham	47%
Average	58%

NB – some of the proportion of brownfield/greenfield sites for each authority may not add up to 100% due to some of the sites being mixed or not possible to identify.

Fig. 6b – proportion of sites on brownfield land (graph form)

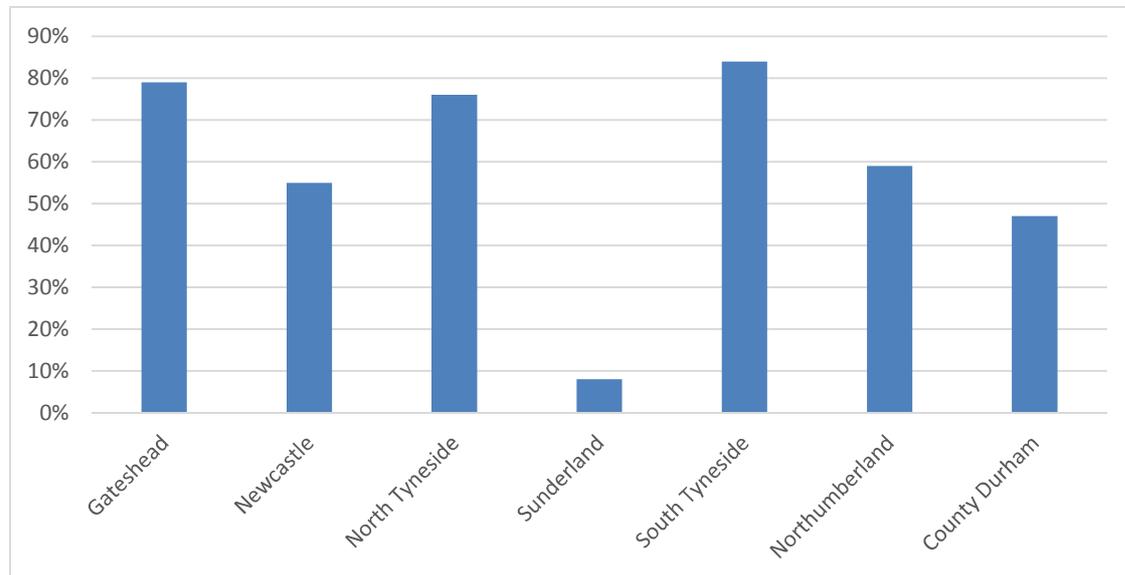


Fig. 7a – proportion of sites on greenfield land

Gateshead	17%
Newcastle	33%
North Tyneside	22%
Sunderland	92%
South Tyneside	11%
Northumberland	41%
County Durham	49%
Average	38%

NB – some of the proportion of brownfield/greenfield sites for each authority may not add up to 100% due to some of the sites being mixed or not possible to identify.

Fig. 7b – proportion of sites on greenfield land (graph form)

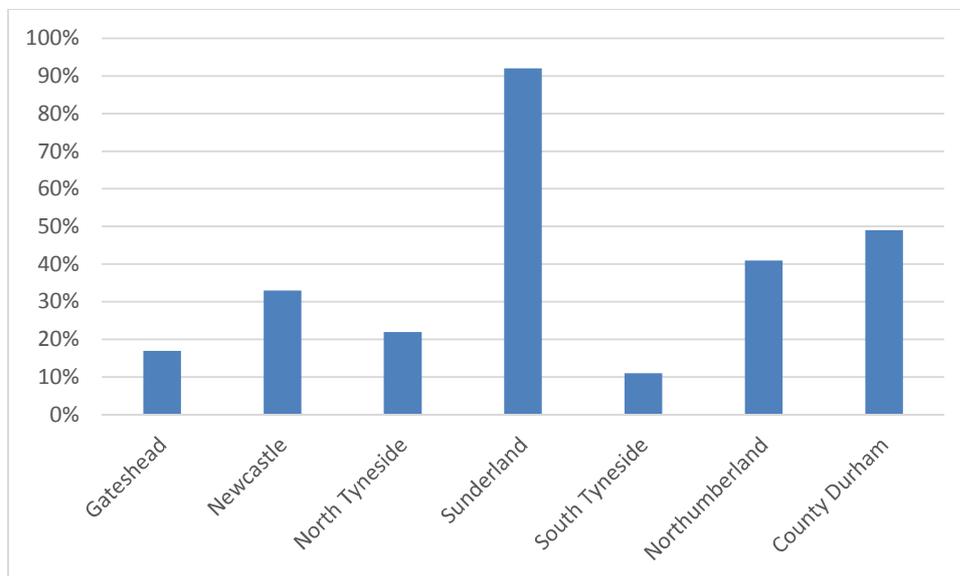


Fig. 8a – proportion of small sites by capacities

Gateshead	39%
Newcastle	13%
North Tyneside	19%
Sunderland	0%
South Tyneside	29%
Northumberland	32%
County Durham	0%
Average	19%

Fig. 8b – proportion of small sites by capacities (graph form)

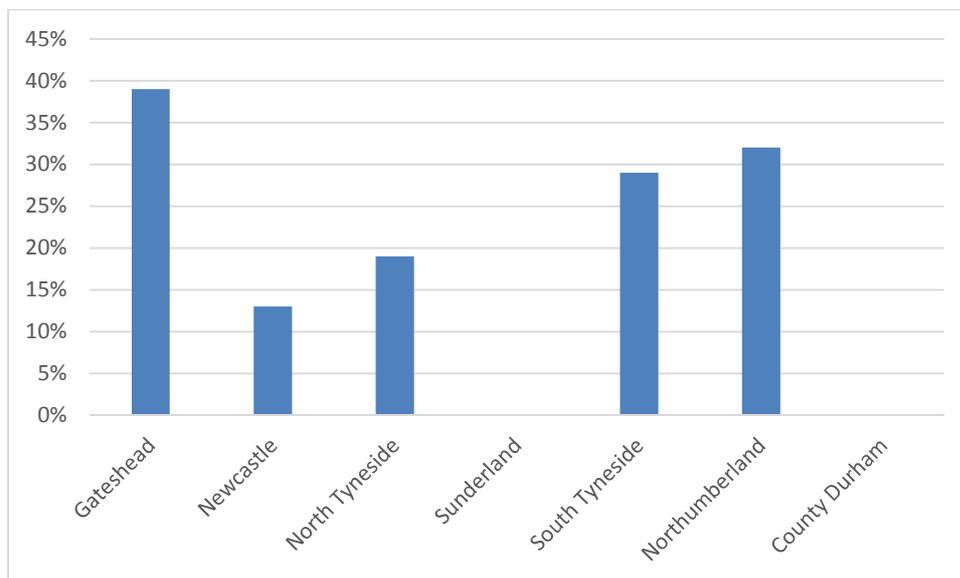


Fig. 9a – proportion of medium sites by capacity

Gateshead	41%
Newcastle	9%
North Tyneside	58%
Sunderland	23%
South Tyneside	41%
Northumberland	47%
County Durham	52%
Average	39%

Fig. 9b – proportion of medium sites by capacity (graph form)

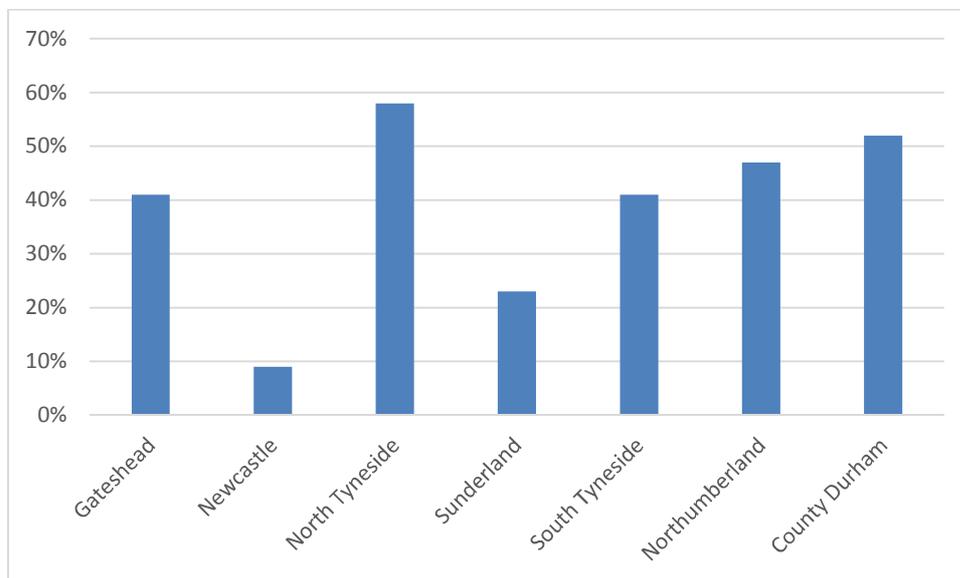


Fig. 10a – proportion of large sites by capacity

Gateshead	20%
Newcastle	78%
North Tyneside	23%
Sunderland	77%
South Tyneside	30%
Northumberland	21%
County Durham	48%
Average	42%

Fig. 10b – proportion of large sites by capacity (graph form)

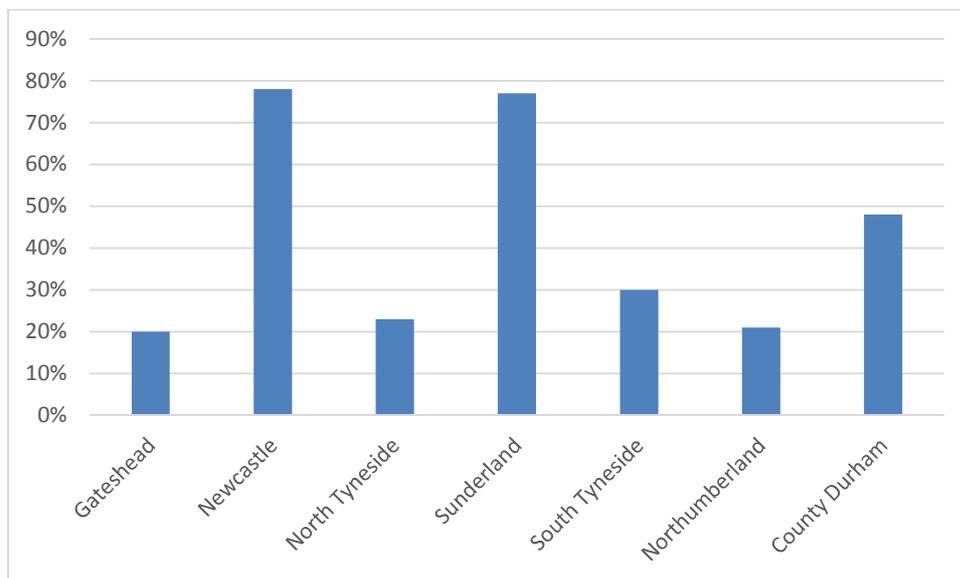


Fig. 11a – proportion of large greenfield sites

Gateshead	11%
Newcastle	30%
North Tyneside	8%
Sunderland	69%
South Tyneside	6%
Northumberland	8%
County Durham	24%
Average	22%

Fig. 11b – proportion of large greenfield sites (graph form)

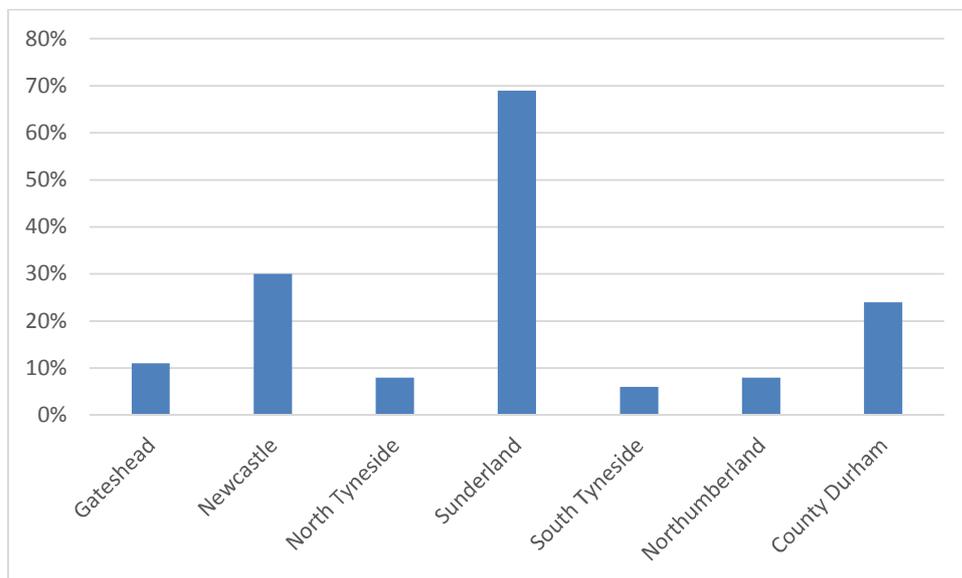
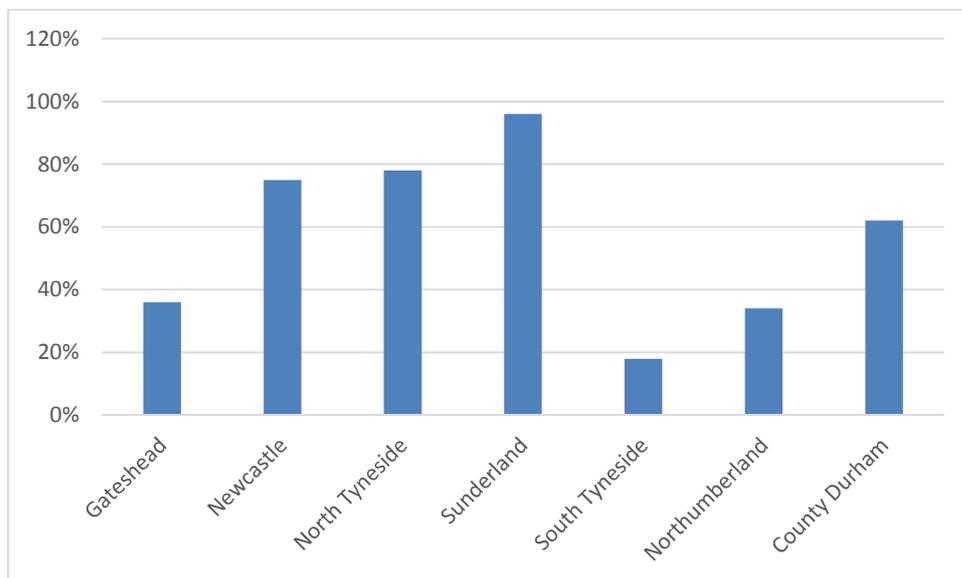


Fig. 12a – proportion of estimated homes on large greenfield sites

Gateshead	36%
Newcastle	75%
North Tyneside	78%
Sunderland	96%
South Tyneside	18%
Northumberland	34%
County Durham	62%
Average	57%

Fig. 12b – proportion of estimated homes on large greenfield sites (graph form)



Appendix 4

Detailed breakdown of proportion of completions delivered by different groups in Gateshead

Fig. 1a – completions in 17/18

Group	Proportion
Registered Providers	11%
Volume homebuilders	52%
SME	18%
Gateshead Regeneration Partnership Joint Venture	19%

Fig. 1b – homes delivered in 17/18 (graph form)

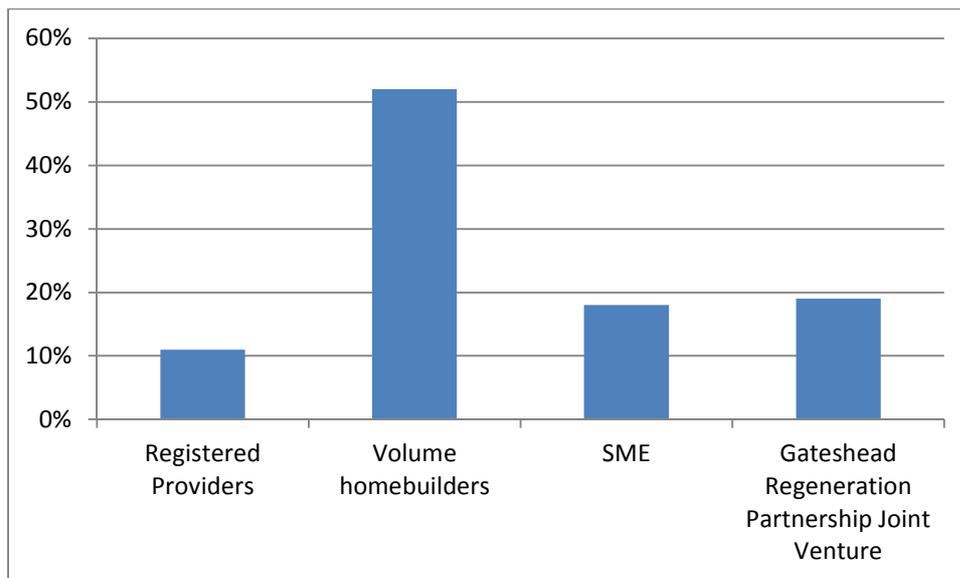


Fig. 2a – completions in 16/17

Group	Proportion
Registered Providers	8%
Volume homebuilders	54%
SME	22%
Gateshead Regeneration Partnership Joint Venture	16%

Fig. 2b – completions in 16/17 – graph form

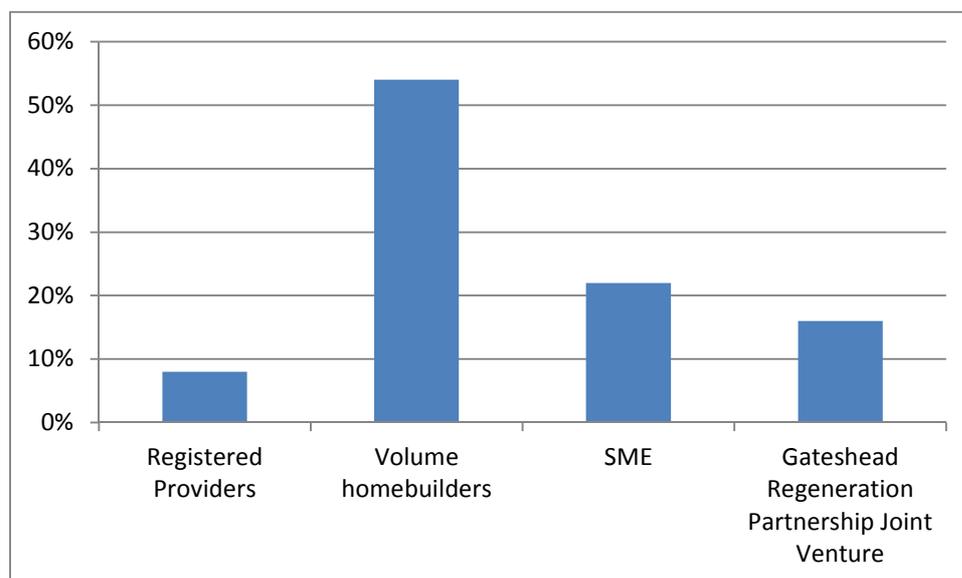


Fig. 3a – completions in 15/16

Group	Proportion
Registered Providers	18%
Volume homebuilders	59%
SME	11%
Gateshead Regeneration Partnership Joint Venture	12%

Fig. 3b – completions in 15/16 – graph form

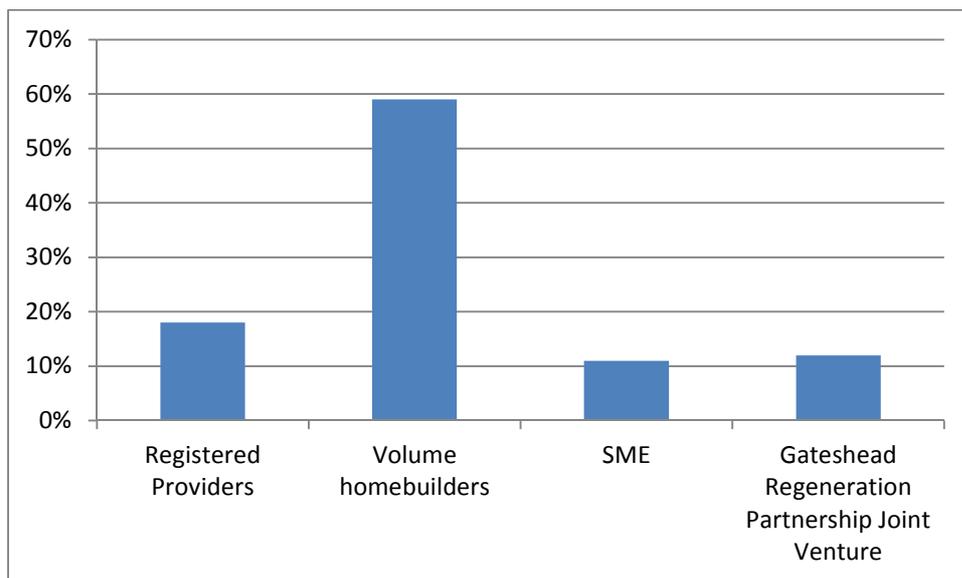


Fig. 4a – average completions 2015 to 2018

Group	Proportion
Registered Providers	12%
Volume homebuilders	55%
SME	17%
Gateshead Regeneration Partnership Joint Venture	16%

Fig. 4b – average completions 2015 to 2018 – graph form

