

Report of the Assistant Director to the meeting of Regeneration and Environment Overview & Scrutiny Committee to be held on 18 September 2018

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Subject:

Stimulating and accelerating housing and economic growth - 2018/19 budget growth allocation

Summary statement:

This is a report provided for information to provide an update on progress made and plans for stimulating and accelerating housing and economic growth.

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Portfolio:

Regeneration, Planning and Transport

Overview & Scrutiny Area:

Regeneration and Environment

1. SUMMARY

- 1.1 Housing growth is central to the economic wellbeing and prosperity of the District. A housing offer which meets the needs and aspirations of our residents but is also attractive to investors and employers in making their investment decisions is pivotal to achieving our economic growth ambitions.
- 1.2 £500,000 from 2018/19 budget was allocated towards stimulating housing and economic growth activity by maximising council assets and drawing on existing skills and leadership to develop a range of activities and interventions.
- 1.3 At the meeting of the Corporate Overview and Scrutiny Committee on 18 July 2018, the Committee resolved that an update on the parameters of the £500k housing allocation be considered by the Regeneration and Environment Overview Scrutiny Committee. This report provides an update on progress made to date and plans for stimulating and accelerating housing and economic growth as well as identifying priority areas for spending the £500k allocation. A key area of expenditure will be the recruitment of two apprentice posts; an Apprentice Technician and an Apprentice Development Surveyor, bringing some additional, vital technical resource and at the same time contributing to the council's apprenticeship targets.

2. BACKGROUND

- 2.1 The Council is committed to ensuring the supply of homes is the right type and location to meet demand. The Local Plan Core Strategy for the District (adopted 18 July 2017) sets out plans to ensure sufficient land is identified to meet the district-wide requirement for at least 42,100 new homes in the period up to 2030. This global figure is translated into an annual target of 2,476 net new homes, of which 587 are to be new affordable homes.
- 2.2 The Government's Housing White Paper, 'Fixing Our Broken Housing Market' was published in February 2017. It recognised the role of local authorities as a deliverer but also an enabler in supporting and accelerating the delivery of housing growth. The White Paper focused on four main areas:
 - Building the right homes in the right places;
 - Building them faster;
 - Widening the range of builders and construction methods; and
 - 'Helping people now' including investing in new affordable housing and preventing homelessness.

It envisages that the majority of new building will be carried out by the private sector. The Government is also seeking to diversify the housing market by encouraging development by smaller builders and those interested in embracing innovative and efficient methods of construction.

- 2.3 In the 2017 Autumn Budget the Government announced £15.3 billion new financial support for house building over the next five years in order to deliver 300,000 new homes per annum. House building on this scale has not been delivered in almost 50 years. Since 1939, delivery exceeding 200,000 homes per year in England has

only occurred due to local authority house building programmes. Delivery at this pace is a real challenge as the construction industry suffers from poor productivity, an ageing workforce and rising construction costs; all factors that will hamper an increase in scale and pace of delivery.

3. COMMENTARY ON PROGRESS AND POLICY DEVELOPMENTS

Performance against housing delivery targets

- 3.1 As outlined above, the Core Strategy for the District sets out an annual target of 2,476 net new homes, of which 587 to be new affordable homes. Current figures show that in 2017/18, 1,552 net new homes were delivered in the district (this figure will be subject to audit and confirmed later this year). Whilst this represents the largest annual increase since 2007/08, delivery still falls short of the annual target of 2,476 new homes each year. In the same period, 232 affordable homes were delivered across the district. This represents an increase of 26% compared to 2016/17 but again falls well short of the annual target of 587. The majority of the affordable homes (206) were delivered through the Homes England (formerly the Home and Communities Agency) funded Affordable Homes Programme; the remainder were delivered through Section 106 agreements with developers.

Changes to Planning Policy

- 3.2 The Core Strategy (adopted July 2017) sets the current housing requirement of at least 42,100 new homes between 2013 and 2030. This is a net figure so more homes would need to be supplied depending on the rate of losses of stock to clearance or change of use. This number was derived following extensive consultation, scrutiny by a Government appointed Inspector and was judged to be sound and in line with Government policy and what was at the time the latest Government issued population and household projections. The two Area Action Plans (AAPs) for Bradford City Centre and the Shipley and Canal Road Corridor were adopted in December 2017 and make allocations for at least 6,600 dwellings towards the District requirement. Work is progressing on the allocations outside the AAP areas.
- 3.3 Subsequently in July 2018, the Government reviewed and revised the National Planning Policy Framework (NPPF) and National Planning Practice Guidance (NPPG) which set out the government's planning policies for England and how these are expected to be applied. The Council is required to publish and keep up to date a Local Development Scheme (LDS) which sets out the content and timetable for the preparation of the Local Plan. In light of recent changes to the planning system, changes in local circumstances, as well as progress to date on the Local Plan, the LDS has been reviewed and updated. The new National Planning Policy Framework (NPPF) issued in July 2018 brought in significant changes in relation to housing, in particular a new national standardised method for calculating housing needs (based on ONS household projections plus a factoring of affordability). A draft new national standardised method for calculating housing needs (based on ONS household projections plus a factoring of affordability) has been published but at the time of writing some of the details have yet to be finalised. Further, new population projections, published by the Office for National Statistics (ONS) in the

Spring 2018 indicate a much lower rate of population growth in the district than the compared to previous projections.

- 3.4 Initial indications suggest that the new standardised method for assessing housing need together with the latest and lower population projections would result in a reduced minimum annual housing need for the District.

As a result of the changes to national policy, Bradford will be carrying out a partial review of the Core Strategy to revisit the district housing requirement and employment scale and distribution. This will be twin tracked with the Allocations work. The LDS adopted at Executive in July

[\(<https://bradford.moderngov.co.uk/documents/s20954/Document%20I.pdf>\)](https://bradford.moderngov.co.uk/documents/s20954/Document%20I.pdf)

sets out the programme and key milestones. It aims to work towards preferred options consultation in early summer 2019 and submission to the Planning Inspectorate in 2020. Issues and Options consultation on the Core Strategy partial review will take place at end of this year. This will consider the approach to setting the new housing requirement including options to go with a higher housing requirement than that indicated by the standard formula linked to growth ambitions including economy and jobs.

- 3.5 In support of the Core Strategy, in May the Council published an Interim Housing Land Supply Statement which established the picture of completions and permissions since 2013 to 1 April 2017. This is in the process of being updated with completions to April 2018 and the provisional figures are set out below (note these are still to be ratified and have a final verification):

- Since 2013, 6517 net new homes have been completed across the District. This figure includes new build, conversions and changes of use to residential. The ratification process deducts homes which have been lost to other uses such as business and commercial.
- 4838 of new homes are on previously developed land or in buildings which had a former use. This equates to 74% and exceeds the Core Strategy target of 50%. It is expected that this figure will decrease as brownfield sites are built out and more viable greenfield sites are brought forward.
- 10,237 new homes are awaiting implementation through outstanding planning approvals.

Stimulating Growth - £500,000

- 3.6 Housing plays a critical role in contributing to the sustainable growth of the district. A housing offer which meets the needs and aspirations of our residents but is also attractive to investors and employers in making their investment decisions is pivotal to achieving our economic growth ambitions which were set out in the District's new Economic Strategy, 'Pioneering, Confident and Connected', which was launched in Bradford and London in March 2018.

- 3.7 £500,000 from 2018/19 budget was allocated towards stimulating housing and economic growth activity by maximising council assets and drawing on existing skills and leadership to develop a range of activities and interventions.

3.8 There have been some important developments since the start of the financial year. Firstly, the Principal Housing Development Manager post was appointed to and started in April 2018. A cross departmental strategic workshop was held in June 2018 exploring how the Council can best support, enable and encourage housing and economic growth to ensuring the supply of homes is the right type, and location to meet demand. A key action from that discussion was the creation of a Growth Delivery Group which has been tasked with developing and overseeing the implementation of a Housing Delivery Plan that in turn will also contribute to the delivery of the Economic Strategy. The Group will comprise of senior officers from Planning, Housing, Economic Development and Estates and Property and the first meeting is scheduled to take place in September where opportunities and challenges will be explored and priorities identified. Priorities for investment and intervention of resources will be determined on the basis of the following criteria:

- Contribution to delivery of housing numbers and/ or economic growth;
- Meets the Council's corporate objectives; and
- Aligns with and supports priorities of our strategic partners (such as Homes England and WYCA – West Yorkshire Combined Authority).

Examples of shared strategic priorities would include city centre growth and regeneration and restoration of historic mills to support housing and economic growth.

3.9 The scope and remit of the Group and the Delivery Plan that ensues is expected to centre around the following principles:

- Adoption of a multi-disciplinary team;
- Land availability assessment and site assembly;
- Private sector acceleration and sites with extant planning permissions yet to be implemented; and
- Partnership working and joint ventures.

3.10 Multi-disciplinary team

It is envisaged that resources engaged in delivering housing growth are drawn together as a single, multi-disciplinary team providing a centre / hub of knowledge and intelligence in respect of development activity in the District. Establishing a dedicated team will bring together knowledge and expertise of housing delivery from a range of disciplines, acting as a single point of contact for developers, providers and investors and funders. The team will fulfil a facilitation and enabling role in the delivery of housing; fulfilling both an inward facing role ensuring services across the Council are engaged and an outward facing role ensuring the Council's engagement with the development industry, housing providers, investors and funders is both effective and collaborative.

The skills and resources required to make the team a success to a large extent already exist across the Council but bringing them together in one multi-disciplinary team will promote a more agile approach and ensure the team is well placed to identify opportunities for intervention and collaboration. Additional capacity will be released by increasing the team through participation in an Apprenticeship Programme which has been identified and is currently being explored with the Leeds College of Building and the University of Salford. This would bring some vital

technical skills by way of an Apprentice Technician and an Apprentice Development Surveyor which would start in the new academic year. This would have a positive resource effect, helping to ensure appropriate succession planning arrangements are in place. Further, it will release some existing professional capacity and at the same time contribute to the Council's apprenticeship targets.

3.11 Land availability assessment and site assembly

In order to increase the scale and pace of housing and economic growth activity, accurate and current intelligence on land availability is crucial. The Council can play an important role in supporting and enabling new development delivery and economic growth by using its land supply and at the same time support a range of policy priorities such as the need for affordable housing, housing to meet the needs of a particular client group or providing new, suitable accommodation for business use.

An exercise is underway to review land in the Council's ownership and to identify sites that have the potential for development. Releasing sites would not only support housing and economic growth and increase supply; it would contribute positively to place-making. Options would include, but not limited to:

- Disposal on the open market for private housing or business use development;
- Disposal to Housing Association for affordable housing;
- Retain for Council new build programme;
- Release of sites to meet the needs of a particular group; self-build or custom build.

Consideration will be also given to packaging sites for disposal and development i.e. where some sites are deemed to attract higher risk in terms of demand, values or ground conditions to be packaged with less challenging sites. It may also be necessary to de-risk sites by undertaking more intrusive ground investigations or site enabling works in order to accelerate delivery and maximise the capital receipt. Disposals would need to be done in a phased way to ensure a deliverable pipeline.

3.12 Private sector acceleration and sites with extant planning permissions yet to be implemented

To a large extent, private sector delivery holds the key to meeting the housing and business requirements of the District. For example, based on the Interim Housing Land Supply Statement Land Supply that was published in May 2018, there are 7,500 homes (excluding the City Centre and Canal Road AAP areas) that have planning permission that have not been built out. Using the SHLAA (Strategic Housing Land Availability Assessment), the multi-disciplinary team would identify sites that have stalled, prioritise according to scale of development and period of time to expiry of planning permission, engage in detailed dialogue with land owners, developers and applicants to establish the reasons for a site not coming forward and then offer support to unlock or accelerate delivery by developing bespoke solutions with a view to bringing forward construction.

Solutions would range from signposting to funding opportunities or brokering dialogue between the landowner/developer and funding bodies to exploring bespoke interventions or actions to bring a scheme into viability such as acquisition of some housing units for inclusion in the council new build programme, acquiring newly developed business units for investment/revenue generating purpose and/or entering into joint venture relationships with private development partners to reduce the risks in bringing new schemes forward for early delivery. Further, through a team that is well connected and a centre of intelligence in terms of development activity in the District, sharing information on regeneration activity with developers will help to engender confidence.

Maintaining effective and collaborative relationships with key strategic partners, in particular Homes England and WYCA is crucial in this area as there are a range of funding opportunities available depending on the circumstances.

3.13 Partnership working and joint ventures

In certain circumstances, achieving the District's growth ambitions can and will only be achieved with direct and proactive intervention from the Council. An example of such a partnership approach is where the Council established a joint venture company, Canal Road Urban Village Ltd (CRUVL), with private development partner Urbo Regeneration Ltd to plan, promote and deliver the development of a new neighbourhood within the Centre Section of the priority Canal Road Regeneration Corridor that is to be known as New Bolton Woods (NBW).

CRUVL is an asset based joint venture company where the Council and its private partner are both contributing land assets to create new residential and commercial development opportunities and is based on a shared vision and objectives. This is an innovative joint venture for Bradford and is based on the parties sharing the risk in promoting and delivering what is an ambitious 10 to 15 year proposal and being undertaken in a challenging financial climate and location. Although risks of delivering the new developments are being shared by the JV partners, the costs of all the development activities are to be met by the private partner, Urbo Regeneration.

NBW will be a new sustainable urban village that will provide over 1000 new homes as well as a local centre comprising a food store, shops, a school and health, leisure and sports facilities:

- first phase of residential development providing 50 new homes (including 20 Social housing units) has been delivered;
- second phase of development commenced on site in July 2018 providing 3,000 msq of retail/commercial space including a Costa Coffee opening in February 2019 and a budget food store scheduled to open by January 2020;
- third phase of development also started on site in early 2018 that will deliver a 145 new homes.

The third phase of the development is situated on a severely sloping part of the site and was faced with significant construction challenges including adverse ground

conditions, drainage issues and extensive works required to provide retaining structures to create suitable development platforms. The extent of these abnormal construction costs jeopardised the delivery of this development phase but the Council was successful in securing grant support from WYCA towards the cost of site abnormal costs to ensure the viable delivery of the scheme. As a result, CRUVL is now exploring further funding opportunities with the Council's public sector partners WYCA and Homes England, who have identified the Canal Road Corridor as a priority regeneration area and are interested in working with the Council and its JV partner on future elements of the scheme.

The success of this joint venture gives an indication of how the public and private sectors can work together in partnership to deliver key development initiatives that provide mutually beneficial outcomes. For the Council, the joint venture, risk-sharing approach means that key developments can be pursued and delivered with minimal financial input, other than the commitment of property assets, and make best use of the specific financial resources, skills and experience of the private sector to deliver new homes, commercial space, business accommodation that will in turn stimulate economic and business growth, new jobs and skills opportunities and homes for the residents of Bradford.

Further, the Council is working with the West Yorkshire Combined Authority (WYCA) and other Local Authorities within the City Region to explore how a collective approach might be structured to regenerate and restore the district's historic and heritage assets. WYCA previously commissioned a report, carried out by Historic England and property consultants Cushman & Wakefield to find out how historic mills in the county could be reinvigorated to create new jobs and housing. As part of this it is anticipated that key, priority former mill properties in the Bradford District may be identified for inclusion within any delivery programme that WYCA seeks to establish and implement in the future.

4 FINANCIAL & RESOURCE APPRAISAL

- 4.1 The £500k budget allocation has been secured from the 2018/19 budget. Whilst to a large extent, the skills and resources for the multi-disciplinary team already exist across the Council, an opportunity has been identified to participate in an Apprenticeship Programme with the Leeds College of Building and the University of Salford. This would bring some vital additional technical resource by way of an Apprentice Technician and an Apprentice Development Surveyor, releasing some existing professional capacity, helping to ensure appropriate succession planning arrangements are in place and at the same time contributing to the Council's apprenticeship targets.

Other areas of expenditure include work to review the council's land holdings in order to identify a pipeline of sites suitable for housing development as well as maximising their value in terms of housing outputs and capital receipts by de-risking sites through more detailed ground investigations thereby providing more certainty to the market during the disposal process.

5. RISK MANAGEMENT AND GOVERNANCE ISSUES

5.1 There are no significant risks or governance issues arising from this report.

6. LEGAL APPRAISAL

6.1 There are no significant legal issues arising from this report.

7. OTHER IMPLICATIONS

7.1 EQUALITY & DIVERSITY

The provision of new and good quality affordable housing in the District has a positive impact on those groups and individuals who suffer multiple disadvantages associated with inadequate housing. Current policies and procedures have been subject to an Equality Impact Assessment (EIA) and an EIA will be carried out at alongside the development of the Housing Delivery Plan.

7.2 SUSTAINABILITY IMPLICATIONS

All new housing developments will be constructed to meet the Building Regulations as a minimum. Some of the properties delivered through the Council's new build programme have been designed to meet enhanced accessibility standards meaning they are flexible and adaptable to meet the needs of current and future generations.

7.3 GREENHOUSE GAS EMISSIONS IMPACTS

All new housing developments will be constructed to meet the Building Regulations as a minimum. The properties delivered through the Council's new build programme have been designed and constructed using 'Fabric First' principles; concentrating on improving the airtightness of the building fabric and the thermal performance of the structure results in reduced heat loss, carbon emissions and ultimately, savings on energy consumption thereby helping to minimise running costs to tenants.

7.4 COMMUNITY SAFETY IMPLICATIONS

There are no direct community safety implications; however the delivery of housing growth and regeneration does seek to support the creation of safe, welcoming and sustainable neighbourhoods.

7.5 HUMAN RIGHTS ACT

The Human Rights dimension of housing is recognised in the United Nations Covenant on Economic, Social and Cultural Rights, which includes the right of everyone to an adequate standard of living for them and their family, including adequate housing. The United Kingdom is legally bound by this treaty. The Council also has regard to good practice in housing particularly those that adhere to guidance contained in: 'Deciding Rights - Applying the Human Rights Act to Good Practice in Local Authority Decision-Making' (LGA).

7.6 TRADE UNION

There are no issues regarding Trades Unions.

7.7 WARD IMPLICATIONS

There are no specific ward implications as delivering housing growth is district-wide in its focus and will be led by land availability and intelligence on sites. Increasing housing supply that meets the needs and aspirations of the district will however generate social and economic benefits across all wards and localities.

7.8 IMPLICATIONS FOR CORPORATE PARENTING

There are no specific implications for corporate parenting.

7.9 ISSUES ARISING FROM PRIVACY IMPACT ASSESMENT

No specific issues arising from this report.

8. NOT FOR PUBLICATION DOCUMENTS

Not applicable.

9. OPTIONS

There are no options being presented in this report.

10. RECOMMENDATIONS

- 10.1 That Members consider the content of the report, progress made to date and plans for stimulating and accelerating housing and economic growth.

11 APPENDICES

None.

12. BACKGROUND DOCUMENTS

None.