

SSDC Priority Project - Accelerated Housing Delivery Report

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Purpose of the Report

1. To recommend a series of measures that will help South Somerset District Council provides for the housing needs of South Somerset.

Forward Plan

2. This report appeared on the District Executive Forward Plan with an anticipated Committee date of July 2020.

Public Interest

3. The Council is not achieving its housing targets, and this affects the opportunity of individuals and families to have their own home. It also affects the economic performance of the district. Locally determined policies to ensure development is guided to the most sustainable locations are more easily challenged by developers without a 5 year land supply. This report sets out a way ahead to achieve a faster delivery for all types of homes in the right locations and to ensure a pipeline of delivery for the future. This is a priority project as identified in the Council Plan.

Recommendation

4. That the District Executive Committee:
 - i. Consider and note the 3 Dragons report 'Accelerating Housing (Appendix A)
 - ii. Approve the use of £250,000 from the Business Rates Retention Fund –'Unlocking Growth' to finance the Housing Delivery Programme Manager and budget for a period of 2 years
 - iii. Note that officers will prepare a Priority Project Action Plan based on recommendations in the report (table 8.3, pages 49-52 of the report and table 8.3, pages 54-58 of the report)
 - iv. Note that progress on delivery will be monitored by the Strategic Development Board and District Executive as part of the quarterly monitoring arrangements for Priority projects
 - v. Approve an allocation of a further £100,000 from general revenue reserve balances to supplement specific work to support housing delivery in the market towns

Background

5. It is one of the aims of South Somerset District Council to create and sustain thriving communities. This means residents should be able to access the broad range and type of housing they need. This is reflected in Priority Project 5 of the Council Plan, the Somerset Housing Strategy and the adopted South Somerset Local Plan. Project 5 is outlined below:

Priority Project 5:
Develop proposals to accelerate the delivery of key housing sites and associated infrastructure



5 Desired 2020/21 project outcomes:

- To secure sufficient housing to meet our established housing need which is set out in the Local Plan
- To achieve a mix of housing types for all tenures, including Affordable Housing
- To secure appropriate and necessary associated infrastructure
- To work with developers to ensure stalled sites are brought forward

2020/21 Key Milestones*



- Consider the findings of the report "Accelerating housing delivery in South Somerset"
- Develop an action plan based on the set of recommendations
- Begin to implement the prioritised actions from the report

*Milestones will be refined April 2020 following the receipt of the options report

6. In line with the timetable set out above the Council commissioned a consultancy, the Three Dragons, to work with them to develop and deliver a roadmap to achieve a higher rate of housing delivery.
7. The report findings are based on a thorough analysis of the causes of under supply. It followed extensive consultations with the local development industry, affordable housing providers and Homes England. The report also draws on best practice from around the country. The report complements work on 'Unlocking Growth' commissioned across Somerset and led by South Somerset District Council which is described later in the report.

Main Findings



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8. The study confirms a persistent pattern of delivery falling behind the targets set out in the Local Plan. Furthermore, the evidence shows that whilst not meeting the needs of the district, the delivery of homes in the larger, sustainable settlements identified in the Local Plan Settlement Strategy has been less than expected/forecast. Apart from not providing enough homes this decreases the affordability of housing, and from a planning perspective, can leave the Council vulnerable to planning applications in less favourable locations that were not previously identified as suitable sites for development.
9. Importantly the report identified that only around 78% of predicted housing planning approvals in South Somerset translate to actual house completions and that housing completions are averaging about 52% of housing approvals each year. This therefore identifies a significant problem, the actions in the report set out to help understand and address. Based on 2019 figures the Council has a deliverable land supply of 4.5 years and while there is the possibility that it will achieve a land supply in the near future, the report stresses that it must not be complacent in ensuring a credible pipeline of new homes that can be defended at appeal.
10. Further, the report shows that housing delivery varies across South Somerset, with the main delivery challenges being in Yeovil, Chard, Crewkerne, rather than the market towns and rural areas. The study confirms that there are sufficient planning permissions in many towns, but in many cases the building out of sites with permission is not at the rate needed to meet housing targets.
11. The report makes a number of comments about viability. These are bound to affect development more post Coronavirus as construction and infrastructure costs rise and house values are predicted to fall. It points out that along with education, highways, affordable housing and leisure there are likely to be further costs in terms of biodiversity net gain and zero carbon needs. Consequently, it is suggesting greater flexibility in the S106 process, with more informed decisions being made into the trade-off of between housing and other S106 needs. It notes infrastructure costs are not readily identifiable to developers up front, which with recent increases in education contributions are causing uncertainty and placing heavy burdens on large sites.
12. Affordable housing delivery is noted as achieving nearly 100 units a year over the last three years and the current year providing a step change at 250 units. However, affordable housing provision is very dependent on large sites and often delivering well below the policy of 35%, where concessions have had to be made on independently assessed viability grounds.
13. The report notes the Council is making use of a broad range of affordable housing types and often specifies social rent (about 25% of all units) which is less viable to developers. In South Somerset no Homes England grant is available to support social rent.
14. Land Values, it notes, can constrain development as lower values will reduce margins and are a risk to delivery. In particular Yeovil values are generally weaker than the surrounding area, however outside Yeovil values are comparable with surrounding Districts.
15. The report reviews the 'end to end' planning processes that may impede delivery, noting that within the development industry there is some frustration with the perceived general attitude to new housing development. It also identifies other process issues, notably S106, highways, and affordable housing.



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16. As SME builders have declined; there is a greater dependence on volume builders, but South Somerset is not close to the regional headquarters of any of these companies and is on the periphery of their preferred locations. This does have a big impact upon decisions made at board level and where a decision is made to pursue a site, meaningful local engagement can be much more difficult. The study suggests the dominance of a few land holders acts as a potential constraint on delivery. In Yeovil, two-thirds of land supply is controlled by two organisations.
17. The report recognises some area-specific issues. In particular, in Yeovil and Chard, town centre regeneration sites should provide new housing opportunities. However, these brownfield sites are complex and have high overheads and remediation costs, rendering their development potential limited and unviable for the commercial sector.
18. In Chard, the lack of a clear delivery plan on the Eastern relief road hampers local and house builder decision making. In Crewkerne, the Eastern relief road and associated costs have meant that the preferred site has not been started after 20 years, meaning the town has missed out on much needed housing and has had to consider alternative sites.

Main Proposals

19. The report makes a range of recommendations and suggests an action plan for the Council to consider. Fundamentally, it does not believe doing more of the same or enhancing current interventions alone will suffice. The proposition is that delivering significantly higher numbers of homes in sustainable locations will demand bold and innovative approaches.
20. This report therefore makes recommendations in terms of political and officer leadership, current policies and practice, commercial intervention and the complete development process all of which, together, will accelerate housing supply. This will fall under the current review of Policies led by the Lead Specialist – Built Environment.
21. Crucial to moving forward is the appointment of a 'Housing Delivery Programme Manager' to provide focus and extra resource. The primary role will be to work with the various parties and organisations involved in the delivery of housing, including statutory consultees, developers, Housing Associations and Homes England, to accelerate and monitor progress. The Housing Delivery Programme Manager will assemble officer teams as required to focus on removing blockages that inhibit the pace of build out of major sites.
22. The delivery teams will focus on getting a better understanding of what would help to unlock the site, working with landowners / developers (including SMEs) to help engage with and steer the market (i.e. connecting land owners with developers and attracting new players to the market).
23. The report recognised the particular issues in bringing forward town centre sites and recommends focused action in Yeovil and Chard. The longstanding questions that are holding up planning and delivery in Chard lead to a recommendation to undertake a transport assessment to test development options and explore options around the new relief road. In Crewkerne the suggestion is to explore transport funding and delivery for a new road network to support existing and new development
24. As the Council has neither large land holdings nor a development team the approach suggested to the Council taking a more direct role in housing developments is as a partner rather than setting up a company. Therefore it suggests that it forms Joint Ventures (JV's) with developers and / or housing associations. This accords with the direction that



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government are indicating ie that Councils return more to housebuilding. JV's can be commercial or regeneration biased, or both. The Council's covenant and interest can significantly de-risk development in the eyes of developers, and potentially lead to a more rapid build out. The report suggest that opportunities are taken to acquire land for housing ahead of the local plan.

25. It is suggested that SSDC are more active in publicising local development opportunities and should publish a Housing Prospectus and consider marketing of sites at trade fairs.
26. The Council should continue to explore opportunities for joint working with organisations such as Homes England to identify funds that can be used to improve the viability and de-risk the deliverability of the urban extensions not only in Yeovil but across South Somerset
27. The importance of the Local Plan is recognised and it is recommended that the Council, as fast as due process allows, fast track progress to an adopted Local Plan. This is because it can include policies that support the acceleration in housing, in particular updating viability evidence and reviewing affordable housing targets, as well as introducing measures to tie permissions to delivery targets.

Other suggested measures include :-

- Streamline, responsive and improved s106 process with Standardised s106 wording in consultation with development industry
- Introducing viability review mechanisms for new permissions
- Introducing mechanisms to deal with 'banked' planning permissions via – planning conditions/s106 agreement
- Shortening time for outline consents if targets not met for delivery
- Introduce Planning Performance Agreements to direct and tailor resources for determining all aspects of the planning process from pre-application stage to the discharging of conditions.
- Ensure that progress on S106 agreements is monitored and reported regularly to members
- Ensure that Section 106 requirements are reasonable and proportionate
- Review CIL rates to ensure that the previously adopted figure is appropriate for a post Covid world
- Move quickly towards implementing the affordable housing requirements contained within the emerging Local Plan. (28% rather than 35%).

Next Steps – Delivery

28. In order to make a significant difference to housing delivery the Council needs to recognise that it has a deficit of staff with appropriate skills as well as capacity in key areas to make a step change in pace and outcomes.
29. The report describes a range of potential actions for the council to take on page 49, and evaluates the actions in the table on page 54 against impact and cost. This gives a



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framework for action for the council, and will influence the work that is currently taking place to 'renew' planning processes. It will also influence policies in the emerging local plan review. Other actions will need specific resource, and this report identifies a resource below.

30. This will be in the form of:-

- A housing Delivery Programme Manager
- A reserve fund to call upon to supply external expertise when needed
- Programme management across the entire spectrum of housing delivery
- The Housing Community of Practice

Housing Delivery Programme Manager

31. A proposal is for a stand-alone senior specialist role that will work across areas, working closely with planners, housing specialists, and government to unlock existing sites, negotiate with partners and developers. The role will be:-

- Unlocking major sites with planning permission
- Enabling complex sites to come forwards
- Negotiation with developers and affordable Housing providers
- Supporting the growth of new entrants and small and medium sized developers within the local market

Planning Focus on Major Sites

32. The suggestion from the report is for senior specialist staff to be more focused on major housing sites. Over the last year the benefit of having a senior experienced planner to concentrate on resolving multiple problems associated with planning approvals on major sites has enabled progress on the two Yeovil urban extensions. This report does not identify a specific resource for this. However, it suggests that Planning Performance Agreements are investigated as a means of identifying resource for this.

Housing Community of Practice

33. This is an internal network existing staff who are engaged in all aspects of housing. They will define and support the range of activities that deliver the agreed housing outcomes. Their work will be programme planned and led by the Lead Specialist Senior for the Built Environment.

Reserve Fund

34. This will enable SSDC to engage on short time-limited pieces of work to underpin appraisals of sites, viability, and assembly of bids. A key piece of work will be addressing the current and ongoing issues of the 'link road' in Chard.

Unlocking Growth Project

35. As part of the business rate retention pilot scheme Somerset was awarded £500,000 for projects that would stimulate economic growth. South Somerset led the business case for the Unlocking Growth Project. This is aimed at addressing some of the process issues that surround bringing forward large infrastructure and housing sites. South Somerset is able to claim £250,000 to support this project and it is recommended that the funding is used to enable the Accelerating Housing Programme to proceed.

Financial Implications

36. A breakdown of the project costs are as follows:

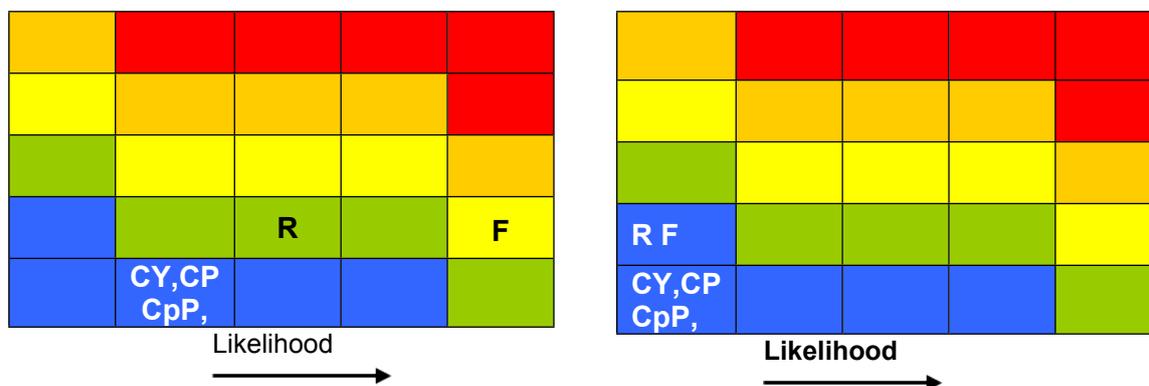
Proposal Element	Indicative cost £
Housing Delivery Programme Manager	140,000 inc on –costs (2 years)
One off costs to include traffic and road assessment for Chard.	100,000
Funding already committed to study	50,000
Reserve fund to Commission expertise when needed	60,000
Total	350,000

37. £250,000 of the above costs would be met from the Unlocking Growth Fund. It is recommended that a further £100,000 is committed from general revenue reserves balances to support housing delivery work in the market towns.

Risk Matrix

The risk matrix shows risk relating to the Corporate Plan headings.

Risk Profile before officer recommendations **Risk Profile after officer recommendations**



Key

Categories	Colours (for further detail please refer to Risk management strategy)
R - Reputation	High impact and high probability
CpP - Corporate Plan Priorities	Major impact and major probability
CP - Community Priorities	Moderate impact and moderate probability
CY - Capacity	Minor impact and minor probability
F - Financial	Insignificant impact and insignificant probability



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Council Plan Implications

The Project Delivers on the Council Priority theme 'Places Where We Live' in particular delivering homes to meet the needs of South Somerset and Priority Project 5 - Accelerating Housing.

Carbon Emissions and Climate Change Implications

New Homes are required to meet Government targets for Carbon reduction.

Equality and Diversity Implications

The project enables homes to meet the needs identified in the Strategic Housing Needs Assessment, which includes provision for affordable homes, social rent and homes to meet special needs and the needs of an aging population.

Privacy Impact Assessment

No Impact

Background Papers

Council Plan 2016-2020.

Appendix A - the Three Dragons Report