

PLYMOUTH CITY COUNCIL

Subject: The Plan for Homes
Committee: Cabinet
Date: 12 November 2013
Cabinet Member: Councillor Lowry
CMT Member: Anthony Payne (Director for Place)
Author: Paul Barnard, Assistant Director for Planning Services
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Ref: PFH/Cab
Key Decision: Yes
Part: I

Purpose of the report:

The report seeks to establish a programme of initiatives to help achieve a step change in the delivery of homes within Plymouth. The Plan for Homes aims to bring forward 1,000 homes per annum over the next 5 years to address the severe housing needs within the city and to support the growth agenda.

The report also seeks agreement to include within the Capital Programme a significant Affordable Housing Loan Facility and to the release of further city-council-owned sites in support of The Plan for Homes and the delivery of more affordable homes.

The report also sets out 16 initiatives around finance, land, infrastructure, community engagement and leadership which are aimed at increasing housing delivery over the next 5 years.

The Brilliant Co-operative Council Corporate Plan 2013/14 -2016/17:

On 22nd July 2013 the Corporate Plan was agreed with a specific commitment to create more decent homes to support the population. This included reference to The Plan for Homes being developed alongside the Plymouth Housing Development Partnership in support of "Growing Plymouth".

The Plan for Homes will also support other aspects of the Corporate Plan, for example supporting the provision of accommodation for older people and specialist accessible and wheelchair housing as part of delivering a range and mix of new, greener homes.

<http://www.plymouth.gov.uk/mgInternet/documents/s48110/Corporate%20Plan%20Full%20Council%2022.07.13.pdf>

**Implications for Medium Term Financial Plan and Resource Implications:
Including finance, human, IT and land:**

The establishment of a significant loan facility up to a potential £50 million, subject to due diligence, to support affordable housing delivery over the next 5 years will need to be included within the capital programme and give regard to the overall borrowing cap for the city council's capital resources. The release of council owned sites for housing development will need to give appropriate consideration to obtaining value for money from the sites taking account of the housing outcomes sought.

In addition, the Plan for Homes is consistent with the recently agreed Transformation Programme: in particular the concept of a Plymouth Growth Dividend within the Growth and Municipal Enterprise theme.

Other Implications: e.g. Child Poverty, Community Safety, Health and Safety and Risk Management:

The provision of greener homes will address issues of child poverty and, alongside better designed homes, support higher educational attainment. The central risk to the Plan for Homes remains the general economic climate which can be addressed through the suite of initiatives the City Council is pursuing to support Plymouth's economy. The continued resistance to new housing also remains one of the highest risks, which can be addressed by the City Council supporting the "Yes to Homes" campaign. There are risks associated with the capacity and capability of the development industry to build at higher levels. There are also risks in connection with the operational details of the Affordable Housing Loan Facility in relation to state aid, the establishment of clear and transparent loan criteria, including the approach to defaults, and the management and administration of the loans. These risks can be mitigated by developing the governance arrangements of the existing Plymouth Housing Development Partnership and having clear loan protocols before any funding is released.

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? No

Recommendations and Reasons for recommended action:

It is recommended Cabinet:

1. Approve the Plan for Homes as set out in the report.

Reason: To meet the Corporate Plan commitment to produce the Plan for Homes.

2. Recommend that the City Council include the Plan for Homes within the Capital Programme from 2014/2015 until 2019/2020 with an allocation of up to £50 million (subject to due diligence) in support of the affordable housing loan facility to the Plymouth Housing Partnership.

Reason: To provide sufficient funding to support the acceleration of affordable housing delivery.

3. Delegate to the Assistant Director for Planning in consultation with the Cabinet Member for Finance, the identification of city council-owned sites in support of the Plan for Homes.

Reason: To ensure that sufficient sites are identified to meet the ambition to deliver 1,000 homes per annum.

4. Welcome the support from the Working Plymouth Panel for the strategy of the Plan for Homes.

Reason: To respond to the recommendations of the Working Plymouth Panel who considered the Plan for Homes on 25th September 2013.

Alternative options considered and rejected:

Option 1: Continue with the Get Plymouth Building Programme – this 2-3 year initiative is aimed at maintaining the momentum of housing delivery in the city through 8 proactive planning and housing initiatives and in and of itself would be insufficient to address the full housing needs of the city as set out in the Corporate Plan.

Option 2: Leave the private sector to deliver more homes – past experience of delivery rates indicates that this would be insufficient to meet the city's needs and so therefore a more transformational approach is required.

Published work / information:

“Review of Housing Supply: Delivering Stability: Securing Our Future Housing Needs”, HMSO, March 2004.

See: <http://image.guardian.co.uk/sys-files/Guardian/documents/2004/03/17/Barker.pdf>

“Culcutt Review: The Culcutt Review of Housebuilding Delivery”, CLG, November 2007. See: http://webarchive.nationalarchives.gov.uk/20070130001032/http://callcuttreview.co.uk/downloads/callcuttreview_221107.pdf

“Increasing Housing Supply”, CLG Housing Markets and Planning Expert Panel, CLG, July 2008. See: http://www.henley.reading.ac.uk/web/FILES/REP/Increasing_housing_supply_land_assembly_final_2.pdf

“Bringing Democracy Home”, The Commission on Cooperative and Mutual Housing, 2009.

See: <http://www.cds.coop/about-us/publications/bringing-democracy-home>

“Mind the Gap – Housing Supply in a Cold Climate”, Town and Country Planning Association, September 2009.

See: <http://www.smith-institute.org.uk/file/MindtheGapHousingSupplyinaColdClimate.pdf>

“Build Now or Pay Later?: Funding New Housing Supply”, IPPR, October 2011.

See: http://www.ippr.org/images/media/files/publication/2011/10/build-now-pay-later_Oct2011_8116.pdf

“Laying the Foundations – A Housing Strategy for England”, HMSO, November 2011.

See: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/7532/2033676.pdf

“Yes to Homes”, National Housing Federation Campaign, October 2012.

See: <http://www.yestohomes.co.uk/>

“Plan C for Cities”, Centre for Cities, November 2012.

See: http://www.centreforcities.org/assets/files/2012/12-11-22_WEB_Plan_C.pdf

“Housing in Later Life: Planning Ahead for Specialist Housing for Older People”, National Housing Federation, December 2012.

See:

http://www.housinglin.org.uk/_library/Resources/Housing/Support_materials/Toolkit/Housing_in_Late_r_Life_Toolkit.pdf

“International Review of Land Supply and Planning Systems”, Joseph Rowntree Foundation, March 2013. See: <http://www.jrf.org.uk/sites/files/jrf/land-supply-planning-full.pdf>

“Innovative Financing of Affordable Housing: International and UK Perspectives”, Joseph Rowntree Foundation, March 2013. See: <http://www.jrf.org.uk/sites/files/jrf/affordable-housing-finance-full.pdf>

“Delivering Large Scale Housing: Unlocking Schemes and Sites to meet the UK’s Housing Needs”, Royal Town Planning Institute, September 2013.

See: <http://rtpi.org.uk/media/630969/RTPI%20large%20scale%20housing%20report.pdf>

Strategic Housing Market Needs Assessment, GVA, July 2013.

See: http://www.plymouth.gov.uk/strategic_housing_market_needs_assessment.pdf

Background papers:

None

Sign off:

Fin	mc 1314 20	Leg	JAR/1 8546/ Sept2 013	Mon Off	DS 18598 /DVS	HR	N/A	Assets	JW0 017	IT	N/A	Strat Proc	N/A
Originating SMT Member: Paul Barnard, Assistant Director for Planning													
Has the Cabinet Member(s) agreed the content of the report? Yes													

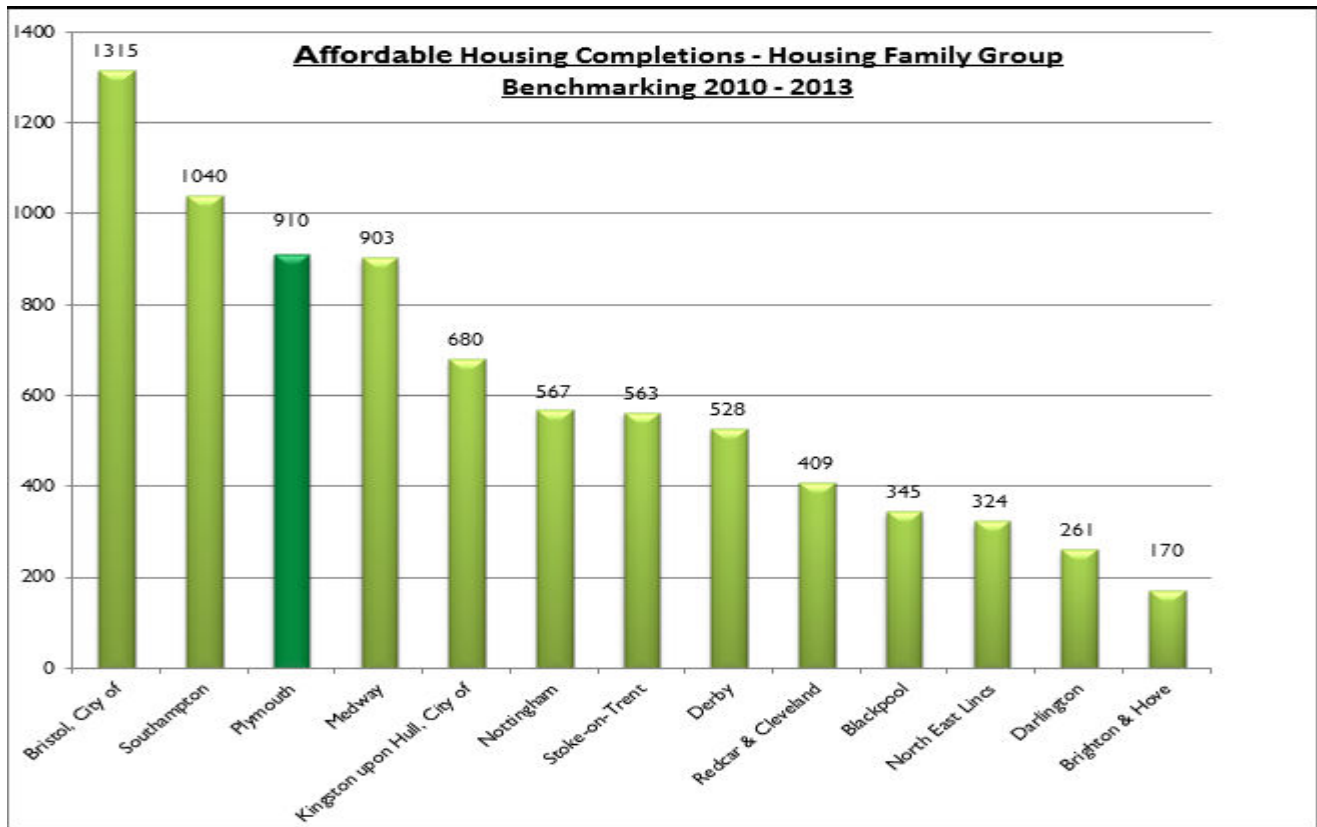
1.0 Background

- 1.1 On 18th July 2013 the Plan for Homes was announced by Councillor Mark Lowry, Cabinet Member for Finance with responsibility for housing delivery. The Plan for Homes is one of the key initiatives agreed as part of the new Corporate Plan on 22nd July 2013. It seeks to facilitate a transformational step change in housing delivery in Plymouth.
- 1.2 Detailed research has been undertaken into how housing supply can be accelerated. This has involved considering national and international research. In addition there have been numerous meetings with partners to explore ideas for improving housing supply in Plymouth. The Plan for Homes draws upon this research and these discussions to bring forward a radical set of initiatives that will deliver more homes.
- 1.3 The Plan for Homes is a 5 year initiative to transform the acceleration of homes in Plymouth. The lessons learnt from its implementation will be fed into the preparation of the Plymouth Plan. In particular issues such as the future role of cooperative housing, the development of new delivery mechanisms, such as those being developed under Community Land Trust models, the role of the private rented sector, and future models for affordable rent to meet vulnerable and other groups in most need will be explored. In addition, the on-going challenges of equity release to allow coordinated downsizing so homes are released to better meet defined needs and enabling people to stay in their own homes for longer need to be considered by the Plymouth Plan. The Action Plans from the previous Housing Plan will address some of these issues in the short term whilst new policy approaches are being formulated in the Plymouth Plan.

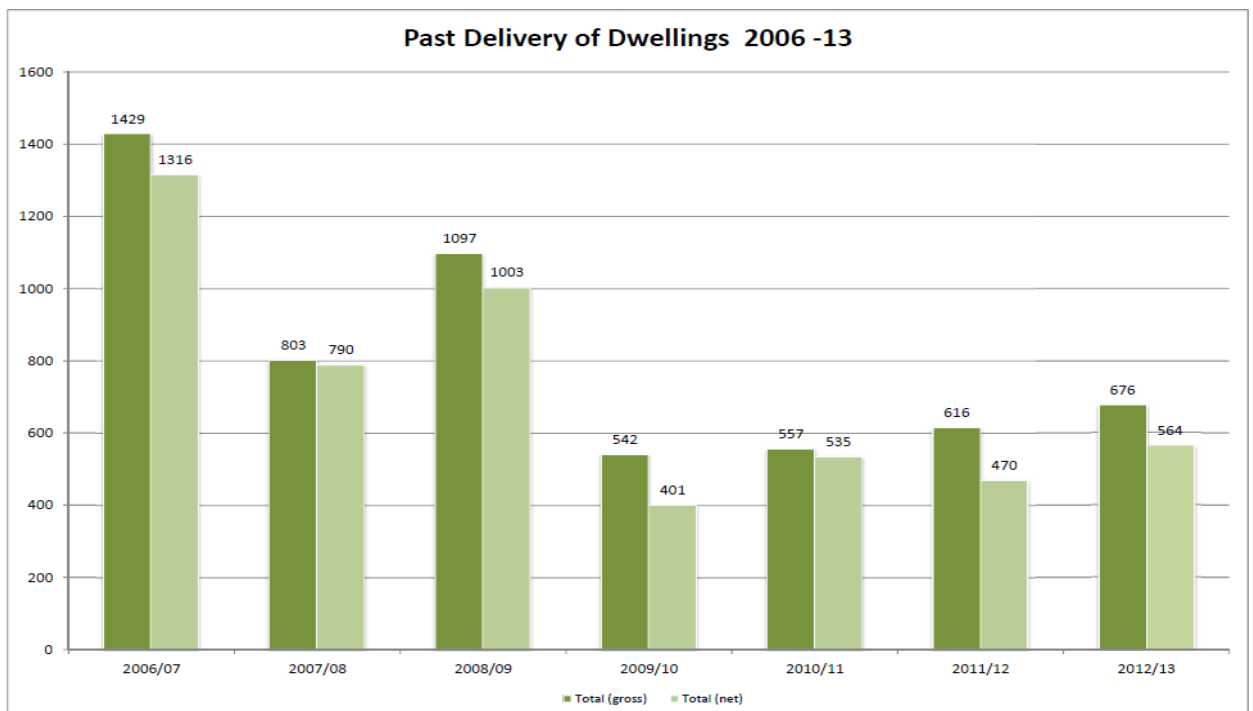
2.0 Why do we need the Plan for Homes?

- 2.1 Despite some creative planning and development initiatives undertaken by the City Council over the last decade since the David Mackay Vision for Plymouth was launched in November 2003, housing supply still lags behind the need, especially for those in the most acute housing circumstances. The shortage of new homes keeps house prices artificially high and pushes up mortgage and deposit costs. Plymouth therefore needs more housing for sale or rent at prices people can afford. In Plymouth, the lowest available affordable homes still require 6.3 times the average salary.
- 2.2 Plymouth is relatively distinct regionally and nationally in housing terms. It has a low wage economy with 20% of working people earning less than £15,000 per annum and 50% less than £23,000 per annum – resulting in housing affordability issues. Plymouth also has higher than national and regional incidence of homelessness as a percentage of population and very significant demand from people in housing need with more complex needs.

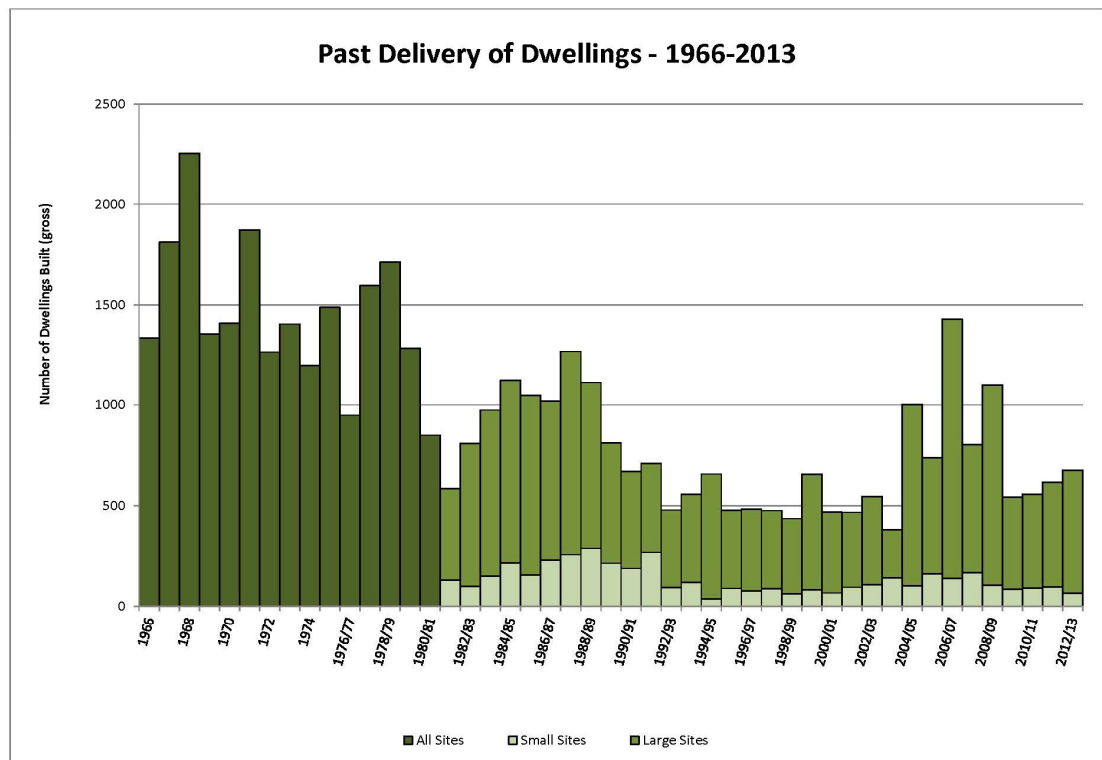
- 2.3 Customers seeking housing advice have increased 52% over the past 12 months. Currently there are over 10,000 applicants on the waiting list with 30% less lettings becoming available to meet general housing needs. Over 2,500 of these are in priority housing need (bands A-C).
- 2.4 Compared to the national and regional context, there are higher levels of social rented homes (20%), higher levels of private rented housing (20%) with huge variations in quality, standards and affordability together with lower levels of owner-occupation. There are increasing demands for a greater range of elderly accommodation. Many elderly people, who may be asset rich and cash poor, are increasingly living in the worst conditions resulting in higher health and social care costs.
- 2.5 Plymouth has 14,000 households living in fuel poverty, many living in older homes that are hard to heat. Innovative programmes under the Energy Company Obligation and the creation of a cooperative Plymouth Energy Community will help address these issues alongside a review of planning policies under the Core Strategy review (the Plymouth Plan).
- 2.6 There are substantial regeneration programmes underway (North Prospect is the largest in the south west) with no clear investment strategy from Government after 2015, the funding model having changed with over 65% reductions in the national Affordable Housing Programme. Decanting of local people from these regeneration projects results in higher demands on limited social housing, increasing competition for available lets.
- 2.7 As a result of the spare room subsidy there is a further growth in demand, especially for one-bed accommodation, and this is having severe impacts on the well-being of people affected by this national policy change.
- 2.8 There is also a need to support additional family homes and executive homes to meet the long-term future housing needs of the city. Moreover, there will be a continuing need to support purpose-built student homes in response to expected student numbers at Plymouth further and higher education establishments. With the ageing population, the need to provide additional extra care facilities will also increase.



2.9 So, whilst Plymouth has had a good track record of delivery of affordable homes, and housing in general, this is set against huge reductions in capital funding for new homes and private sector housing renewal. The Plymouth Core Strategy established a target of 3,300 affordable homes by 2021. The city is on target to achieve this target with 2,003 affordable homes having been delivered between 2006 and 2013.



2.10 The average number of dwellings delivered in the last 3 years is 572. Progress has been made in 2012/2013 with this rising to nearly 700 dwellings, with housing starts up by 23% since 2011/2012. However in the last 25 years delivery of over 1,000 homes per annum has only been achieved on 3 occasions: and so the scale of the ambition to achieve this number of homes, pursuant to growing Plymouth’s population to over 300,000 by 2031, requires radical delivery solutions.



3.0 The Plan for Homes

3.1 Whilst increased housing momentum is being achieved through the Get Plymouth Building programme, that seeks to bring forward over 2,000 homes in the next 2-3 years, nevertheless there needs to be a step change in future housing delivery if Plymouth is to achieve its ambitious growth agenda and address known housing needs. Work has therefore started on a very ambitious programme of housing development which will involve more homes coming forward in the next 5 years. This will see further City Council-owned sites being released and also new innovative models of funding being developed. .

3.2 The Plan for Homes will bring together landowners, developers, registered providers, local communities, ward councillors and planners in a cooperative approach to deliver the affordable and other homes Plymouth people need. An important component of the Plan for Homes will be a significant expansion of the programme of city council land releases with the intention being the release of over 100 acres of city council-owned land immediately and for the next 5 years. It is intended that there will be a phased release of sites starting in

December 2013 in the same way as the Get Plymouth Building programme which allowed for a streamlined planning and disposal process to enable housing developments to commence faster than would have normally been possible.

3.3 On 5th August 2013 a workshop was held with all the Registered Providers in the city through the Plymouth Housing Development Partnership, to explore what could be done to create a step change in housing delivery. Many ideas were generated and some of these have been incorporated in the final plan.

3.4 The Plan draws upon the latest research and analysis as to how housing supply could be accelerated. It draws heavily on the cooperative values and objectives of the Corporate Plan as to how it has been designed and how it will be implemented. The Plan for Homes has been structured around 5 main areas of activity:

- **Finance** – creatively using local authority resources to support housing projects in Plymouth. As the implementation of the plan proceeds new models for cooperative housing could potentially be supported through these provisions.
- **Land** – making substantial amounts of City Council land available in the most streamlined and targeted way possible to achieve more affordable and greener homes together with other policy objectives. The Plan for Homes will need to manage the phased release of land in support of the Core Strategy and future Plymouth Plan policy objectives.
- **Infrastructure** – proactively working with institutional investors to support housing projects in Plymouth and aligning our own strategic planning processes through a Plymouth Infrastructure Prospectus. The Plan for Homes will align with the new approach to the management of the capital programme.
- **Community Engagement** – continuing the proactive dialogue (started under the Plymouth Plan) with local ward councillors and local communities on identifying appropriate sites for housing. Through Neighbourhood Plans, but also existing and emerging neighbourhood engagement approaches, it will be important that communities are engaged in debates about what type of housing is needed.
- **Leadership** – the City Council continuing to show proactive and positive strategic leadership the housing agenda in advocating the need for more homes to meet the needs of future generations.

- 3.5 The overall ambition of the Plan for Homes is to increase housing supply by 1,000 homes per annum through 16 initiatives:

The Plan for Homes

Finance

1. We will create an **Affordable Housing Loan Facility of up to £50 million** to the Plymouth Housing Development Partnership.
2. We will **waive planning pre-application fees** for all self-build projects, Code Level 4, 5 and 6 schemes and for affordable housing developments that meet our policy requirements.
3. Where appropriate, we will consider **more flexible land and Section 106 payments** to improve development cash flows to support a start on site by an agreed date.
4. Where the objective of sustainable linked communities is not prejudiced within a particular neighbourhood, we will consider **off-site affordable housing contributions** to unlock stalled sites, provided developers commit to starting on site by an agreed date.

Land

5. We will work with the development industry to complete a **Strategic Housing Land Availability Assessment** to identify sites to substantially increase the supply of housing with planning permission.
6. We will release over **100 acres of land for housing** by completing a Strategic Land Review by March 2014 to identify every possible city council-owned site suitable for housing development. We commit to release these sites in phases and as quickly as possible.
7. We will develop a **“flagship” scheme** on a city council-owned site to encourage innovation and greater input from Registered Providers.
8. We will create a dedicated Sherford Delivery Team to enable **a start on site at Sherford** in 2014.

9. We will incentivise the delivery of city centre housing by creating a **'city centre density bonus'** in order to provide more homes, as well as encouraging a broader mix of house types including one-bed properties.
10. We will make more city council-owned **land available for self-build** and establish a streamlined planning process to deal with subsequent planning applications.

Infrastructure

11. We will work with institutional investors to **attract new investment** into infrastructure for housing within Plymouth and consider how a "build now pay later" scheme could support housing delivery.
12. We will develop a **Local Infrastructure Prospectus** to support future infrastructure provision to support housing and regeneration projects.

Community Engagement

13. We will use the **Neighbourhood Plans** process in conjunction with local communities to identify sites for homes to meet local needs.
14. We will appoint a **Relationship Manager** for each Registered Provider and large developers to encourage further investments in Plymouth and work more closely with local communities.

Leadership

15. We will support the **"Yes to Homes" campaign** and proactively make the case for additional accelerated housing to meet Plymouth's needs.
 16. We will seek a step change in housing investment by developing partnership, joint venture and new funding models with the **Plymouth Housing Development Partnership**.
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- 3.6 The concept of the Affordable Housing Loan Facility draws upon experiences from other local authorities who have used their own borrowing powers to support accelerated affordable housing delivery. This would work by the City Council borrowing at low rates through the Public Works Loan Board and then, subject to due diligence, clear loan criteria and individual loan scrutiny, making loans available to the 10 registered providers who make the Plymouth Housing Development Partnership, at rates that are preferential compared to what can be sourced through traditional development finance routes. This will make more development finance available to partners who will then be able to build more homes more quickly. The approach will also help with the overall viability of development proposals as the costs of finance will be reduced.
- 3.7 Having undertaken soundings of the registered providers in the Plymouth Housing Development Partnership, and taking account of the overall ambition of the Plan for Homes, a loan facility of up to £50 million over 5 years should enable a step change in delivery to be achieved, when considered alongside the other initiatives.
- 3.8 The other finance measures are aimed at stimulating the completion of many projects that already have planning permission.
- 3.9 The land measures are a continuation of the innovative approach to land releases that the City Council has already started under the Get Plymouth Building programme – but on a larger scale. This has already stimulated development activity in the city and has been well received by the development community.
- 3.10 The infrastructure measures seek to continue the exploration of innovative funding models, especially in relation to the delivery of affordable housing, in order to attract higher levels of investment into the city. The intention is to also better align this with wider infrastructure planning through the development of a Local Investment Prospectus which will bring together all the key strategic projects in the city.
- 3.11 The community engagement measures are designed to engage ward councillors and local communities in a continuing discussion regarding where new housing may be located to meet local needs and the wider needs of the city. This will feed into the development of future housing policies in the Plymouth Plan. In addition, and responding to the specific recommendations of the Working Plymouth Scrutiny Panel, the role of neighbourhood plans in generating new housing opportunities can be explored. It is also proposed to identify a “relationship” manager for all the Registered Providers developing in Plymouth as well as active major developers so that an “account management” approach can be taken forward to ensure that transport, land and other delivery issues are addressed in a joined up way to help facilitate accelerated delivery of homes.

3.12 Finally, the leadership measures are aimed at raising awareness through the “Yes to Homes” Campaign and ensuring that having put the partners in the Plymouth Housing Development Partnership at the centre of this Plan for Homes programme that individually and collectively they now help achieve the step change in delivery now required to meet Plymouth’s future housing needs.

4.0 Working Plymouth Panel

4.1 The Plan for Homes was presented to the Working Plymouth Panel on 25th September 2013. The Panel welcomed the strategy behind the Plan for Homes and asked for further consideration to be given to the role of neighbourhood planning in delivering more homes.

4.2 In response it is suggested that Cabinet welcome the support of the Working Plymouth Panel and include within the Plan for Homes a specific initiative around the use of the neighbourhood plans process, in conjunction with local communities, to identify sites for homes to meet local needs.

5.0 Conclusion

5.1 The Plan for Homes represents a radical response to the housing challenges facing the city and provides a comprehensive delivery framework to respond to the second biggest (after job creation) and long term issue facing Plymouth: namely the quality and supply of new housing. The Plan for Homes will deliver more homes that are greener and, alongside the development of new strategic housing policies in the emerging Plymouth Plan, transform housing within the city.