

PLYMOUTH CITY COUNCIL

Subject: The Plan for Homes 2016 - 2021
Committee: Cabinet
Date: 16 February 2016
Cabinet Member: Councillor Chris Penberthy
CMT Member: Anthony Payne, Strategic Director for Place
Author: Nick Carter Housing Delivery Manager
Contact details: Tel: 01752 307583
email: nick.carter@plymouth.gov.uk
Ref: PFH II/Cab
Key Decision: Yes
Part: I

Purpose of the report:

The report seeks to update and extend the Plan for Homes to 2021, with a £80 million commitment to housing investment to deliver over 1,500 new homes in support of the overall delivery of 5,000 homes over the next 5 years. It builds upon the current Plan for Homes, launched in November 2013, which seeks to achieve a step change in the delivery of homes to address identified housing needs and to support the growth agenda.

The report also seeks agreement to the release of further city-council-owned sites in support of the delivery of more new and affordable homes. A number of existing initiatives that have successfully delivered accelerated housing in the city are rolled forward alongside a number of new initiatives.

The initiatives have been developed and agreed through the new working arrangements of the Housing Needs Working Group (Cllr Lowry, Cllr Penberthy, Cllr Bowyer & Cllr Jordan).

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 continue to support that commitment along with 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.

The provision of new and decent housing is central to the delivery of the city's Vision for Plymouth to be 'One of Europe's most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone'

<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:**

On 25 November 2013 (Minute 63) the City Council approved a £50 million Capital allocation to the Plan for Homes (2013-2018). This scheme is financed on the basis that loans are repaid in full over time.

The Plan for Homes is now being rolled forward to 2021 with an additional funding of up to £30 million. This will be funded by a £20 million loan from the Homes and Communities Agency (HCA) and up to £10 million from anticipated right to buy Receipts. This will be subject to the generation of these Right to Buy receipts and an assessment of the potential asbestos liability under the stock transfer agreement and also acceptable terms and conditions associated with the HCA loan

The establishment of a significant loan and grant facility up to a potential £80 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 table below sets out the initial proposals, not defined until the initiatives are fully developed. These will require refinement through a detailed due diligence process. This initial proposal would require the Council to cash flow initiatives as appropriate.

Plan for Homes 2016 - 2021		Programme Cost	Funding		
Programme	Nature of Initiative		Existing £50m Funding	New Funding	
				HCA Loan	RTB Receipts
		£m	£m	£m	£m
Loans to Registered Providers	Loan	35.000	35.000		
Specialist Housing Programme	Grant	0.500			0.500
Empty Homes Scheme	Loan/Grant	1.000			1.000
Land Acquisitions	Loan/Grant	30.000	5.000	20.000	5.000
Housing Infrastructure Fund	Loan/Grant	3.000			3.000
Homes for Plymouth	Loan	10.000	10.000		
Self Build	Loan	0.500			0.500
Total		80.000	50.000	20.000	10.000
Total New Funding				30.000	

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 agreed GAME Transformation Programme: in particular the concept of a Plymouth Growth Dividend generating additional Council Tax and New Home Bonus, although it must be noted that the government have recently announced

a consultation into the review of the NHB. Proposals being considered could have a negative impact on the availability of NHB to Plymouth.

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

The provision of a range of safe, warm and affordable homes will address issues of child poverty and fuel poverty and, alongside better designed homes, support higher educational attainment and improve children's health and well being. High quality and energy efficient homes help reduce household running costs that contribute to overall housing costs helping improve affordability.

Equality and Diversity:

Has an Equality Impact Assessment been undertaken? Yes

Recommendations and Reasons for recommended action:

It is recommended Cabinet:

1. Approve new initiatives 3, 4, 5, 7, 8, 11, 12, 13, 15, 17, 18, 19 and 20 for inclusion in the Plan for Homes as set out in the report.

Reason: To meet the Corporate Plan commitment to provide more decent homes to support the population. Initiatives 1, 2, 6, 9, 10, 14 and 16 already have Cabinet approval (Minute 62 and 62a).

2. Recommend that the City Council include the Plan for Homes within the Capital Programme from 2016 / 2021 up to an additional £30 million of resources, bringing the Plan for Homes overall provision to £80 million.

Reason: To provide sufficient funding to support the acceleration of affordable housing delivery. This is subject to due diligence, HCA loan terms and conditions, state aid, affordability, availability of partner funds and technical financing arrangements and as such this funding envelope may change over the period to 2021.

3. Allocate up to £10 million of the Right to Buy receipts from sales following the stock transfer to support the initiatives in the Plan for Homes 2016 - 2021.

Reason: To support the delivery of the range of initiatives in the Plan for Homes, subject to the generation of these Right to Buy receipts and an assessment of the potential asbestos liability under the stock transfer agreement.

4. Delegate to the Assistant Director for Strategic Planning and Infrastructure in consultation with the Housing Needs Working Group / Cabinet Member for Finance, the identification of city council-owned sites in support of the Plan for Homes.

Reason: To ensure that further sites are identified and released to support new homes, including land that could support custom and self-build opportunities and the Homes for Plymouth housing company.

- Instruct the Assistant Director for Strategic Planning and Infrastructure to report on progress on the delivery of the Plan for Homes to the Housing Needs Working Group / proposed Cabinet Advisory Group on Planning, Housing and Infrastructure.

Reason: To ensure members are apprised of progress and monitor delivery of initiatives.

- Proceed with the acquisition of strategic housing sites with support from the Homes & Communities Agency with the Council contributing its property interests where they form part of the development site.

Reason: To stimulate regeneration and deliver new homes to include starter homes.

Alternative options considered and rejected:

Option 1: Continue with the existing Plan for Homes Programme – launched November 2013, this 5 year initiative is aimed at increasing and accelerating housing delivery in the city through 16 proactive planning and housing initiatives. As the Planning and Housing policy and funding landscape continues to change it is considered that more needs to be done to respond to these changes and to build upon our achievements to address the full housing needs of the city.

Option 2: Leave the private sector to deliver more homes – past experience of the general failure to build at sufficient delivery rates indicates that this would be insufficient to meet the city’s needs and the increasing focus on homeownership and starter homes will not provide the range and mix of affordable homes required. Therefore a more direct and transformational approach is required.

Further information:

Background papers:

Title	Part I	Part II	Exemption Paragraph Number							
			1	2	3	4	5	6	7	
Plan for Homes	Yes									
Get Plymouth Building	Yes									

Sign off:

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Originating SMT Member: Paul Barnard, Assistant Director for Strategic Planning & Infrastructure													
Has the Cabinet Member(s) agreed the content of the report? Yes													

1.0 Background

- 1.1 On 1st November 2013 the Plan for Homes was launched by Councillor Tudor Evans, Leader Plymouth City Council as part of a major regional housing conference held at Devonport Guildhall. The Plan for Homes contains 16 initiatives which seek to facilitate a transformational step change in housing delivery in Plymouth, and was formally agreed by Cabinet on 12th November 2013 (Minutes 62 and 62a) with funding approved by the City Council on 25th November 2013 (Minute 63)
- 1.2 The overall ambition of the Plan for Homes is to increase and accelerate housing supply by enabling 5,000 new homes over five years.
- 1.3 The lessons learnt from its implementation have fed into the preparation of The Plymouth Plan, in particular what more we need to support Plymouth as a growing city: enabling the delivery of homes to provide high quality places for new and existing residents to live and growing the city's population; supporting and maintaining the delivery of a wide range of homes; delivering enough land for new homes to meet our identified housing need; developing our planning policies to require affordable housing delivery that will provide for a mix of housing sizes, types and tenures.

2.0 Housing Context

- 2.1 The provision of new and decent housing is central to the delivery of the city's Vision for Plymouth to be 'One of Europe's most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone'. Plymouth needs more homes for sale and rent at prices people can afford to meet our housing needs. Plymouth is planning for growth with an aspiration to increase the population from around 260,000 to over 300,000 by 2031; creating 18,600 new jobs and delivering 22,700 new homes, of which at least 30% will be affordable.
- 2.2 Plymouth is relatively distinct regionally and nationally in housing terms. It has a low wage economy; average earnings are £23,000 with 40% of households earning less than £20,000 per annum, resulting in housing affordability issues with lower quartile homes costing 6.3 times the lower quartile salary
- 2.3 Plymouth has a 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. Over the past 12 months we have experienced a 31% increase in customers seeking housing advice, 12% more homeless approaches and an increase in households living in temporary accommodation. There are currently over 13,000 applicants on the waiting list with 30% fewer lettings becoming available to meet general housing needs. Over 3,000 of these are in priority housing need (bands A-C).

- 2.4 There are increasing demands for a greater range of elderly accommodation including Extra Care Housing and opportunities for downsizing. 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. Plymouth has 14,000 households living in fuel poverty, many living in older homes that are hard to heat.
- 2.5 There is also a need to support additional family homes and executive homes to meet long-term future housing needs and to contribute to Plymouth's economic growth and prosperity.
- 2.6 Despite some creative planning and development initiatives undertaken by the City Council over the last decade, housing supply still lags behind need, especially for those in the most acute housing circumstances.

3.0 Changing landscape of Government Policy

- 3.1 There have been a number of key Government announcements that are changing the housing and planning landscape, with an increased focus on supporting homeownership and reducing the welfare bill.

Registered Provider Rent Reductions

- 3.2 Housing Associations will be required to reduce rents by 1% a year for four years, starting in April 2016. As a result all our Plymouth Housing Development Partnership partners are currently reviewing the likely impact of rent reduction announcements on current schemes and business plans. Rent reductions and uncertainty over long term rents policy increases the risk profile of development plans, their financial capacity and future aspiration. The likely outcome is that development programmes may be curtailed as current schemes will require increased subsidy due to new approach to rents. This will impact on our current Plan for Homes sites. We are working closely with all our partners to see how we can mitigate these anticipated impacts.

Extending the Right to Buy

- 3.3 Under a 'voluntary agreement' with Housing Associations the right to buy has been extended to include 1.3 million housing association tenants to bring about equal treatment of Housing Association and Local Authority tenants and extend home ownership rates. The level of discounts being offered to tenants is attractive and likely to produce many sales affecting Plymouth, resulting in predominately social rented homes being sold, to be replaced by less affordable rented homes. The less-than-impressive record in delivering replacement social housing under the existing Right to Buy means there is a huge risk that these policies will lead to a further depletion of the social housing stock.

Starter Homes

- 3.4 The government has announced the introduction of Starter Homes, to support more young people to become home owners. Starter Homes will be made available to first time buyers under 40 years old, at a minimum of 20% discount on the market value. Full details of Starter Homes are yet to be announced and there is a forthcoming consultation on changes to national planning policy to support Starter Homes delivery and it is imperative that we feed into this.
- 3.5 It is the government's aspiration that Starter Homes will become a common feature of new residential developments and it is expected that national planning policy will require a proportion of Starter Homes on all "reasonably" sized residential developments through section 106 planning obligation. It is positive that starter homes will give young people the chance to own their own home, but Starter Homes cannot be seen as a panacea to the City's housing crisis as the tenure does not meet all of the City's housing need. In addition starter homes could also present a challenge to the provision of vital City infrastructure, if significant numbers are built in place of traditional market houses, given the exemption from CIL.

Planning Reforms affecting Housing

- 3.6 There are a number of planning reforms that are creating more uncertainty, with impacts on future investment and development decisions not helping maintain delivery. Investors need certainty and a stable local environment; constant planning reforms are not helping achieve this. With further threats to taking our planning powers away this will result in less flexibility in terms of resolving housing schemes to secure planning permissions, and our ability to negotiate the type and tenure of new affordable homes.
- 3.7 The Plan for Homes seeks to respond to these opportunities and challenges to directly influence and increase the range of homes and mix of tenures. There have been some creative planning and housing development initiatives undertaken by the City Council over the last decade. The Market Recovery Scheme ran from 2008 to 2013 and was the City Council's response to the 0% growth in the UK economy; the aim was to help support projects consistent with the Council's vision for growth. The Get Plymouth Building Programme launched August 2012, and the Plan for Homes was launched November 2013.

4.0 Get Plymouth Building

- 4.1 The Get Plymouth Building (GPB) programme was launched in August 2012 and contained 8 initiatives, seeking to accelerate housing delivery to bring forward greener and more affordable homes: unlocking future development on stalled, lapsed and Area Action Plan sites; a call for new sites aligned with fast tracked planning; developing our self build offer; bringing forward Council owned sites; identifying new funding and delivery models. The aim was to bring forward around 2,000 homes over the 2-3 years by taking an innovative approach to housing and planning for homes.

4.2 Updates on the GPB were presented at the Working Plymouth Scrutiny Panel on 25th September 2013, 5th March 2014 and on 10th December 2014 when it was reported that by the end of the 3 year programme in August 2015 we expected GPB to have supported 2,184 new homes to have been built. At December 2014 1,402 new homes had been completed and a further 782 dwellings were under construction. It was concluded that the GPB programme had successfully contributed to the delivery of over 2,000 homes in 3 years.

5.0 Plan for Homes

5.1 The Plan for Homes was launched in November 2013 with the ambition to further accelerate and increase housing supply by 5,000 new homes over five years from 2014/15. It seeks to enable a step change in future housing delivery contributing to the prosperity and growth of the city and address a range of known housing needs.

5.2 The 16 initiatives were developed with partner housing providers and structured around 5 main areas of activity:

Finance – new models for cooperative housing could potentially be supported.

Land – making substantial amounts of City Council land available for homes

Infrastructure – proactively working with institutional investors to support housing.

Community Engagement – continuing the proactive dialogue with local ward councillors and local communities on identifying appropriate sites for housing so 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 on the housing agenda in advocating the need for more homes to meet the needs of future generations.

5.3 The Working Plymouth Scrutiny Panel received updates on its delivery on 10th December 2014 and 5th March 2015, when progress was reported that of the 16 initiatives 13 had been completed, two were progressing well and one had been abandoned. The Cabinet Member for Co-operatives and Housing and the Cabinet Member for Finance receive regular monitoring reports on progress.

5.4 Since its launch the Plan for Homes has delivered some notable achievements which include;

- Completion of a Strategic Land Review to identify every possible large council owned site suitable for housing; 847 sites were initially identified with further analysis on 184 resulting in 40 sites being recommended for housing.
- The release of 33 council owned sites for housing with delivery partners agreed, totalling 138.28 acres of land (78.01 in the city & 60.27 outside the city); exceeding our target of releasing 100 acres of land for housing.
- These sites are planned to deliver 1,650 new homes of which 840 are affordable (50.9%); significantly above our affordable housing policy requirement of 30%.

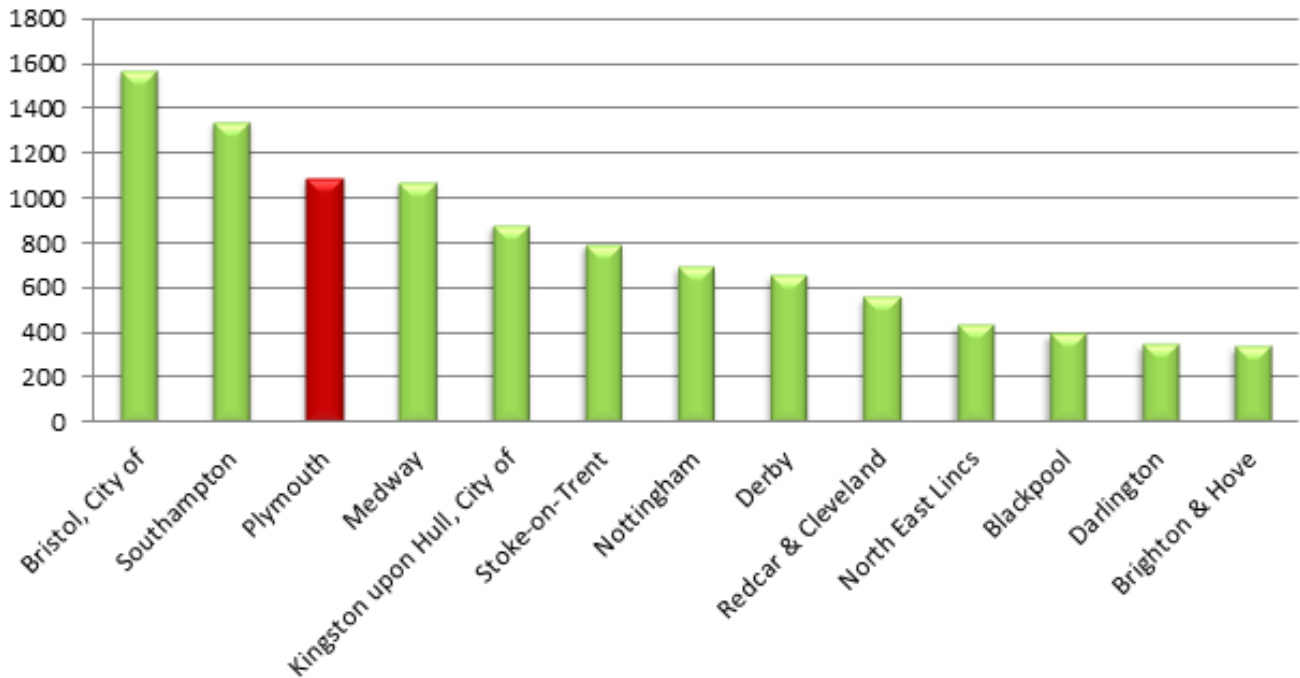
- Creation of a £50m Affordable Housing Loan Facility to support Registered Provider partners, Housing co-operatives and Community Land Trusts deliver new affordable homes; currently agreed £12m to support Registered Providers to deliver homes on 5 sites
- Supporting self build and custom build; a pipeline of 112 homes on city council sites including serviced plots, individual plots, developer led and community led schemes
- Securing institutional investment into affordable housing delivery; developed in Plymouth, RENTplus is a new innovative affordable housing product that will bring substantial institutional investment into the affordable housing sector

5.5 The first full year of delivery outputs for 2014/15 include;

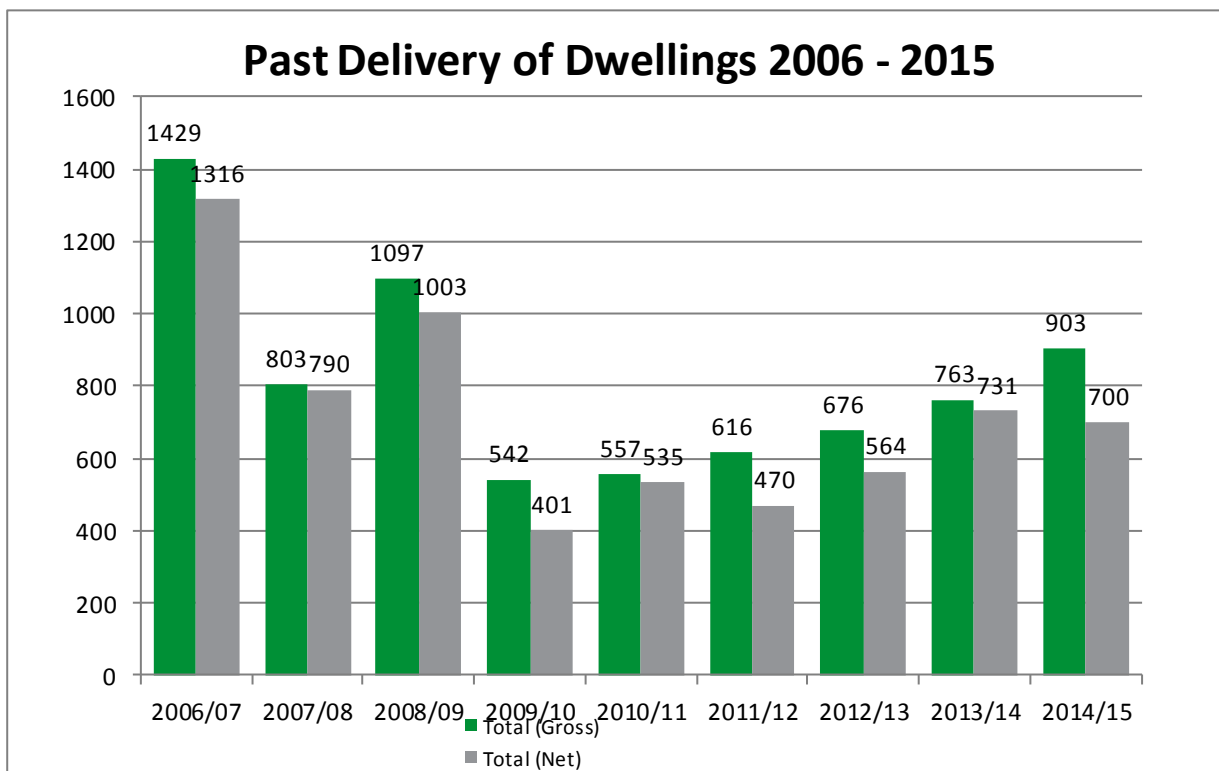
- 971 new homes completions; highest number since 2008/09 and 27% increase on last year
- 396 affordable homes completions; the highest figure during the current plan period
- 989 start on sites; 10% increase on last year and highest figure since 2006/07
- 894 homes under construction; 14% increase on last year and highest figure since 2007/08
- 68 long term empty homes brought back into use

5.6 Plymouth has a good track record of delivery of affordable homes; we are top quartile in our Housing Family Group (see graph below). The Plymouth Core Strategy established a target of 3,300 affordable homes by 2021. The city is on target to achieve this with 2,582 affordable homes having been delivered between 2006 and 2015.

Housing Family Group Benchmarking 2010 - 2014



- 5.7 Of overall new homes, last year there were 903 completions, the highest number since 2008/09. 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.



6.0 Plan for Homes 2016-2020

- 6.1 Whilst increased housing momentum is being achieved through the current Plan for Homes programme, housing supply still lags behind the need, especially for those in the most acute housing circumstances. A further direct and transformational approach is desired if we are to deliver the number and range of homes we need to address known housing needs.
- 6.2 As a response the Housing Needs Working Group have developed and agreed a refreshed and extended Plan for Homes to 2021; a set of 21 new initiatives around finance, land, infrastructure, community engagement and leadership, which are aimed at increasing housing delivery over the next 5 years. This will see further City Council-owned sites being released, a continued commitment to housing investment and new funding solutions, and to establish a new Housing Company to directly deliver more homes.
- 6.3 The Plan for Homes 2016-2021 is a £80 million commitment to housing investment that has been structured around five main areas of activity and 20 initiatives:

Finance – creatively using local authority and Homes and Communities Agency resources to support housing projects and initiatives in Plymouth.

1. We will continue to support **more flexible land and Section 106 payments** to improve development cash flows to enable the earliest possible start on site.

2. We will continue to provide loans through the **Affordable Housing Loan Facility** to support Plymouth Housing Development Partnership projects.

3. We will launch the **Plymouth Empty Homes Initiative** to support projects and bringing long term empty homes and disused commercial spaces back into effective residential use, supported by a capital fund of **£1 Million**.

4. We will invest **£500,000** through a **Specialist Housing Programme** to enable the development of bespoke homes to meet a wide range of individual unmet housing needs, such as wheelchair, accessible and larger homes.

5. We will provide short term financial support and bridging loans through a **£500,000 Self-Build Funding Scheme** to support people wishing to self or custom build their own home and appoint a Self-Build Champion for the City.

***Land** – continuing to release City Council land and other public land for housing in the most streamlined and targeted way, and acquiring new land for housing.*

6. We will undertake a second **Strategic Land Review** to identify Council owned sites for new homes, including land that could support custom and self-build opportunities.

7. Together with the Homes and Communities Agency (HCA), we will create a **Land Acquisition Fund of £30 Million** to buy up stalled and lapsed sites to accelerate housing delivery, contributing our asset value where we own land which forms part of a housing scheme, with net land receipts being shared with the HCA according to equity contribution.

***Infrastructure** – proactively working with institutional investors to support housing projects in Plymouth and aligning our own strategic planning and capital programme to support accelerated delivery.*

8. We will produce a **Plymouth Housing Prospectus** that lists potential development sites, including all sites with planning permission, stalled and lapsed sites, and their potential housing outcomes to attract private sector investment.

9. We will explore **new approaches to housing delivery** to secure a sustained increase in supply, including investigating new private rented housing models.

10. We will enable opportunities to **deliver specialist housing** to meet the particular housing needs of communities including Gypsy and Traveller sites, Extra Care and Supported Housing.

11. We will create a **£3 Million Housing Infrastructure Fund** to support housing delivery prioritising opportunities in the 3 Growth Areas set out in the Plymouth Plan.

12. We will **review the City Council's Capital Programme** to maximise the funding available for housing and to ensure that, where appropriate, both existing and planned projects support housing outcomes.

Community Engagement – continuing the proactive dialogue with local ward councillors and local communities on identifying appropriate sites for housing.

13. We will commission the Plymouth Housing Development Partnership to lead a “**Homes for Plymouth**” campaign to increase the support for housing in the city.

14. We will continue to work with local communities through the **Plymouth Plan and Neighbourhood Plans** to identify sites for homes that meet local needs.

15. We will work with local communities and housing providers through a **Downsizing Programme** to help local people move to houses that better meet their future needs.

Leadership –continuing to work proactively with partners, the City council will provide positive strategic leadership of the housing agenda in advocating the need for more homes to meet the needs of future generations.

16. We will deliver 5,000 new homes for people in Plymouth by April 2021.

17. We will implement **two year planning consents** with immediate effect to tackle developer land banking and encourage the delivery of sites that already have planning permission.

18. We will create a **Cabinet Advisory Group on Planning, Housing and Infrastructure**, maintaining the cross-party work of the Housing Needs Working Group, and extend this to include the Chair of the Plymouth Housing Development Partnership and the Homes and Community Agency.

19. We will establish **Homes for Plymouth**, a new housing company, to directly deliver more homes by taking control over the development process, develop new funding solutions, and by vesting at least **10 new City Council sites**, together with a **£10 Million loan facility** to enable 500 market, affordable, and social rented homes to be delivered by 2020.

20. We will continue to provide a proactive, fast track approach to planning on all sites, and we will implement **further planning innovation** such as a Charter for House Building, a Housing Barrier Busting Initiative, a Business Relationship Programme for major house builders and a new streamlined decision making process.

7.0 Conclusion

7.1 The Plan for Homes 2016-2021 is an ambitious £80 Million commitment to housing investment which will deliver 1,548 new homes, 743 affordable homes, and at least 200 social rented homes. This level of house building activity will deliver 2,453 direct construction jobs and an additional 479 indirect jobs, and will generate £102.7m GVA benefits to the Plymouth economy. (source: AMORE (Advanced Modelling of Regional Economies) Tool, The RED Group, Plymouth Business School).

7.2 It builds upon the success of our existing Plan for Homes, responds to the significant shift in government policy, and to the continuing housing challenges facing the city. It reflects the Housing Needs Working Group discussions to proactively increase the quality and supply of new housing. The Plan for Homes 2016-2021 will deliver more homes, and alongside the development of new strategic housing policies in the emerging Plymouth Plan, transform housing within the city.