

**TITLE OF REPORT:** **Housing Delivery Test Action Plan**

**REPORT OF:** **Peter Udall, Strategic Director, Economy, Innovation and Growth**

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### **Purpose of the Report**

1. To recommend that Cabinet approves the new Housing Delivery Test Action Plan and delegates authority to the Strategic Director, Economy, Innovation and Growth following consultation with the relevant Cabinet Member to:
  - a. Make any minor changes to the action plan;
  - b. Publish the action plan and submit it to the Ministry of Housing Communities and Local Government (MHCLG) if necessary.

### **Background**

2. The latest results of the Housing Delivery Test (HDT) were published by the Government on 13 February 2020. The results of the HDT set out how each Local Authority in England is performing in delivering new housing. The test will continue to apply each year onwards.
3. The results show that the delivery rate of new housing in Gateshead is only meeting 60% of the number of new homes required (although an improvement on the 50% of previous results). 813 net additional dwellings were delivered against a requirement for 1353 over the period 2016/17 to 2018/19 (giving a deficit of 540 homes).
4. When compared to other local authority areas, Gateshead's performance was the lowest of all local authorities in the North East (including authorities within Tees Valley) who, apart from South Tyneside, all delivered more than 100% of their housing requirement.
5. Due to the previous results, an action plan was published on the Council's website in August 2019. The new action plan will replace the old one.

### **Structure of the action plan**

6. The Action Plan firstly examines the existing situation in terms of delivery of housing in the Borough and what the consequences are in terms of under delivery. It then examines the root causes of under delivery before assessing how successful the measures in the previous action plan have been before setting out new key actions and responses and ways of measuring these. Many of these are recent initiatives which are already starting to increase supply and boost delivery. Therefore, the Action Plan simply proposes that these measures are continued.

7. One area that has affected housing delivery in 2020 is the effect of the Covid 19 pandemic which forced the closure of building sites and slowed down the market for new housing. As the HDT measures delivery over the previous 3 years, the impact of Covid 19 is not a factor in the current results but will have a bearing on future results.
8. The Action Plan is aligned with the Council's Housing Strategy, the Core Strategy and the Council's pledge to make Gateshead A Place Where Everyone Thrives.

### **Next steps**

9. The next set of results from the HDT are expected late 2020 or early 2021. They will provide an opportunity to review the action plan and the success of the measures already in place. It should be noted that if delivery does not increase to 75% of new homes required by the time of the next results, there is a risk that some of the Council's planning policies will be out of date. In addition, an updated action plan may need to be produced.

### **Recommendations**

10. It is recommended that Cabinet:
  - (i) Approves the content of the action plan.
  - (ii) Delegates authority to the Strategic Director, Economy, Innovation and Growth following consultation with the relevant Cabinet Member to:
    - a. make any minor changes to the action plan;
    - b. publish the action plan and submit it to the Ministry of Housing Communities and Local Government (MHCLG) if necessary.

For the following reasons:

- (i) To increase the amount of new housing delivered in the Borough to meet Local Housing Need and in line with the Core Strategy.
- (ii) The need to publish an action plan in accordance with paragraph 75 of the National Planning Policy Framework (NPPF).

### Policy Context

1. The action plan is a consequence of the HDT results and in accordance with paragraph 75 of the NPPF.
2. The need to increase the level of housing delivery in Gateshead is required to meet the number of new homes required in the Core Strategy. The Housing Strategy also identifies housing objectives and priorities including ensuring that the supply of new housing best meets current and future needs and aspirations and creates thriving mixed communities. The Council's Making Gateshead Thrive pledge requires new housing to help people and families, tackle inequality, support communities, invest in the economy and create a better future for Gateshead.

### Consultation

3. The Cabinet Members for Housing and Environment and Transport have been consulted.

### Alternative Options

4. There are no realistic alternatives other than to proceed with the publication of the action plan given that it is required under national planning policy and to ensure that the levels of new housing identified in the Core Strategy are met.

### Implications of Recommendation

5. **Resources:**
  - a. **Financial Implications** – The Strategic Director, Resources and Digital confirms there are no direct financial implications arising from this report.
  - b. **Human Resources Implications** – There are no human resource implications arising from this report.
  - c. **Property Implications** - There are no direct property implications arising from this report.
6. **Risk Management Implications** – Publishing and following the action plan will provide the best opportunity to increase the delivery of new homes. If new homes continue to be delivered in insufficient numbers a further sanction of the HDT is that the Council's planning policies in the Local Plan would be deemed to be out of date making it harder for the Council to resist speculative and poorly planned proposals for housing. In addition, insufficient numbers of homes being delivered would put at risk the delivery of corporate policies, jeopardise economic growth and job creation, jeopardise the regeneration of brownfield land and put pressure on allocating more Green Belt land for housing, jeopardise the delivery of affordable housing and lead to increased commuting into the Borough (with potential for increased traffic and reductions in air quality).

7. **Equality and Diversity Implications** – The action plan aims to deliver more new homes which will also help to increase the number of affordable homes delivered and help Gateshead to become A Place Where Everyone Thrives.
8. **Crime and Disorder Implications** – There are no crime and disorder implications arising from this report.
9. **Health Implications** - The provision of a greater number of required homes would help to improve health and wellbeing.
10. **Climate Emergency and Sustainability Implications** – There are no implications arising directly from this report but the provision of a greater number of homes in accessible locations would have positive social, economic and environmental sustainability implications.
11. **Human Rights Implications** - There are no human rights implications arising from this report.
12. **Ward Implications** - All

## APPENDIX 2

# Housing Delivery Test Action Plan

## BACKGROUND

1. The 2019 results of the Government's Housing Delivery Test (issued in February 2020) show that only 60% of new housing required in the Borough is being delivered. Whilst this is an improvement of 10% from the previous HDT results (February 2019), the Council is still required to publish an action plan to look at the causes of under delivery and to set out actions to increase delivery.
2. A previous action plan (as required under the previous HDT results) was published by the Council in August 2019. Therefore, this action plan will refresh the actions in the previous one.
3. The HDT is a percentage measurement of the number of net homes delivered against the number of homes required in the Council's Local Plan (Core Strategy and Urban Core Plan – CSUCP) (or where the Local Plan is older than 5 years, the national household projections).
4. In comparison to last year, Gateshead's performance against the HDT is still the lowest of all authorities in the north east of England. If not enough homes are delivered in Gateshead this has several consequences:
  - **Jeopardise economic and population growth** – The CSUCP requires 11,000 new homes over the period 2010-2030 to support economic growth and prevent a decline in the working age population.
  - **Put at risk the ability to regenerate the urban area** – including redevelopment of brownfield land. This includes the Exemplar Neighbourhood and Metrogreen.
  - Put at risk the ability to deliver housing that would **support services in neighbourhoods and villages**.
  - **Jeopardise the ability to deliver affordable housing.**
  - Increase commuting into the urban core from areas outside of Gateshead, **increasing traffic congestion and reducing air quality**.
  - Increase pressure to allocate further land in the **Green Belt** for housing.
  - Put at risk the ability to **deliver the Council's Housing Strategy** (by ensuring that the supply of new housing best meets current and future needs and aspirations).

- The Council's planning policies being out of date and this could make it harder to resist speculative, inappropriate or unwanted development.
  - Undermine the Council's efforts to make sure that **Gateshead is a place where everyone thrives.**
5. This action plan should be read alongside the previous action plan and reviews the root causes of under delivery of housing in Gateshead, the actions to tackle this and whether they have been successful and if any additional or replacement actions are required.
  6. The plan links into other Council plans and strategies. The Council's Local Plan is made up of four parts. The joint (with Newcastle City Council) Core Strategy and Urban Core Plan (CSUCP) make up parts 1 and 2 which were adopted in March 2015 and require planning for 11,000 new homes. A joint CSUCP review was approved in March 2020. It should also be noted that the Government's forthcoming standard methodology in determining housing need may result in a reduced need for Gateshead.
  7. Part 3 of the Local Plan is Making Spaces for Growing Places (MSGP) (currently under examination) which is a site allocations document with provision for additional housing sites to accommodate a share of the 11,000 new homes along with the more detailed development management policies. Part 4 will be an Area Action Plan for Metrogreen which is an area of change around the Metrocentre to create a new community with potential for 850 homes by 2030 and further major growth thereafter.
  8. The Council's Housing Strategy identifies housing objectives and priorities including ensuring that the supply of new housing best meets current and future needs and aspirations and creates thriving mixed communities. The Council's Making Gateshead Thrive pledges require new housing to help people and families, tackle inequality, support communities, invest in the economy and create a better future for Gateshead.

## **ROOT CAUSE ANALYSIS**

9. This section reviews the root causes are to under delivery of new housing in Gateshead, the extent that the factors are contributing to under delivery and whether any further root causes have become apparent.
10. The previous action plan identified 8 root causes holding back the delivery of new housing in the Borough. These were:
  - High number of demolitions
  - Lack of diversity in the housing market
  - Activity in neighbouring local authorities
  - High development costs
  - Time take to sign Section 106 Agreements
  - Land ownership and assembly
  - Low levels of implementation of planning permissions

- Conditions imposed on planning approvals
11. This action plan has reviewed these root causes and it is considered that they are still relevant. In regard to the number of demolitions however, these have reduced. Between 2015/16 and 2017/18 demolitions had an average reduction of 37% on total net additions and therefore this has had a large impact on net delivery. However, there has been a gradual reduction in the number of demolitions between 2015/16 and 2017/18 and a big drop between 2017/18 and 2018/19 as shown below.

<b>Year</b>	<b>No. demolitions</b>
2018/19	20
2017/18	107
2016/17	130
2015/16	164

12. In regard to time taken to sign Section 106 Agreements, the previous action plan set out that there were currently four large housing sites that were minded to approve by the Council's Planning and Development Committee, but which permission had not been formally issued due to waiting for Section 106 Agreements to be signed. The sites are as follows:
- Dunston Hill (hybrid application ref. DC/17/00170/FUL) – up to 582 dwellings – minded to grant on 21/11/18.
  - Kibblesworth (outline application ref. DC/16/01207/OUT) – up to 225 dwellings – minded to grant on 12/12/18. The signing of the Section 106 Agreement is expected imminently with a reserved matters application to follow.
  - High Spen East (full application DC/18/00859/FUL) – 185 dwellings – minded to grant on 12/12/18. The signing of the Section 106 Agreement is expected imminently.
  - Ryton (two full applications refs. DC/16/00320/FUL and DC/17/01376/FUL) – 550 dwellings in total – minded to grant on 13/03/19.
13. Whilst progress is being made on the Kibblesworth and High Spen East sites the delays in signing Section 106 Agreements are still relevant.

## Covid 19

14. Covid 19 is a new factor influencing delivery. Covid 19 has resulted in construction sites being closed for several weeks in 2020 and a slowing down of the housing market. Although it may be too early to see what the full extent of this is, it has undoubtedly slowed down the delivery of new housing. However, this situation will not be unique to Gateshead.

## **Issues that are not affecting delivery**

15. The previous action plan identified five factors that were not affecting delivery. These were:
  - Speed in determining planning applications
  - Decisions on planning applications
  - Allocating land for housing
  - Community Infrastructure Levy (CIL)
  - Planning obligations
16. It is still considered that the above factors are not affecting delivery. There is no clear evidence to demonstrate that the imposition of CIL in certain areas of the Borough for certain types of development is affecting viability and therefore the deliverability of sites. The same applies for the imposition of planning obligations.
17. In regard to speed in determining planning applications, in the period 2015/16 to 2017/18, the Council determined an average of 96% major planning applications within 13 weeks, or in accordance with the terms of an extension of time agreement (against a national target of 60%) and an average of 85% of minor planning applications within 8 weeks, or in accordance with the terms of an extension of time agreement (against a national target of 65%).
18. For the period 2018/19, the Council determined 98.4% of major planning applications within 13 weeks, or in accordance with the terms of an extension of time agreement (against a national target of 60%) and 88.5% of minor planning applications within 8 weeks, or in accordance with the terms of an extension of time agreement (against a national target of 65%).
19. The above demonstrates that the Council is still dealing with applications in a speedy manner, exceeding national targets and therefore not affecting delivery.
20. In terms of decisions on planning applications, in the period 2015/16 to 2017/18, the Council approved an average of 74% of planning applications for new housing. This situation is even improving with 85% approved in 2018/19. Therefore, the vast majority of applications are approved, and this is likely to be a factor in increasing delivery rather than holding it back.
21. In regard to land allocated for housing, the CSUCP still allocates 14 strategic sites for housing equating to approximately 4191 homes. MSGP has now been subject to examination and proposes to allocate 101 sites for housing equating to approximately 2789 homes. It is expected that MSGP will be adopted in Autumn 2020.

## **REVIEW OF PREVIOUS ACTION PLAN MEASURES**

22. The previous action plan was published in August 2019. The measures set out to increase delivery in that plan were:

- Maintain the production of development frameworks to at least two per month.
- Increase the granting of Permission in Principle and placing sites on Part 2 of the Brownfield Land Register.
- Roll out the digital tool which provides site information for developers.
- Review of planning conditions to ensure that they do not unduly delay delivery.
- Review of Section 106 process to enable their signing more quickly.
- Increase the amount of housing delivered directly by the Council to 100 dwellings per year.
- Increase the amount of housing activity by GRP to four active sites.
- Increase the number of sites brought to the market for housing by the Council.
- Ensure that MSGP is adopted.

23. The following measures from the previous action plan have helped to increase delivery (or will in future years).

- GRP have increased output and expanded the number of active sites. The following sites are under construction – Trilogy Phase II, Birtley Northside, Rowlands Gill and Windy Nook.
- Permission in Principle has been granted on 3 sites which will help deliver approximately 200 homes in the Borough.
- A total of 22 Development Frameworks have now been completed.
- MSGP has undergone Examination in Public and should be adopted in Autumn 2020.
- In-house delivery has taken place at the Lyndhurst, Seymour Street, Winlaton supported accommodation and Derwentside sites, whilst the Clasper Village, South Road, Bute Road South and Aycliffe Avenue sites have gained planning permission.
- Completion of digital tool.
- plans to help progress schemes in both public and private ownership.

24. The following measures in the action plan have not been as successful.

- Delays in signing s106 agreements for several large housing sites, including Ryton, Dunston Hill and High Spen East.
- 50 homes have been delivered in-house since 1 April 2019 – which is below the 100 home figure anticipated.
- Disposal of Council-owned sites requires accelerating.
- Only 3 sites have been granted Permission in Principle and placed on Part 2 of the Brownfield Land Register.
- Unsuccessful funding bid for digital tool. Whilst the tool has been completed, a bid to the Local Digital Fund for money to launch it was unsuccessful.

## **KEY ACTIONS, RESPONSES AND MONITORING**

25. From the above analysis there are a number of measures that are working well but also a number of measures that need to be improved to help increase delivery (in the short, medium and long term).

26. As with the previous action plan consideration has been given to:
- The extent to which the issues are affecting delivery and therefore the extent to which factors are most likely to be improved.
  - The extent to which the issues are within the Council's control and depending on this, the other stakeholders that will need to be involved.
  - The timescales required for key actions and responses. For example, some could be achieved in the short term, but others may be medium or long term.
  - Measures which the Council currently has in place.

### **Extent to which the issues are affecting delivery**

27. From the root cause analysis and review of measures in the previous action plan, the following issues are having the greatest potential impact on delivery.
- Lack of diversity in the housing market, meaning that there is a reliance on volume homebuilders for delivery and a lack of SME homebuilders developing in the Borough.
  - Ground conditions in the Borough, in particular relating to former mine workings and contaminated land in conjunction with a large proportion of allocated sites being brownfield.
  - Sluggish delivery of in-house development.
  - Sluggish disposal of Council-owned land for new housing.
  - Delays in signing Section 106 Agreements.

28. It is therefore considered that tackling the above issues will provide the best opportunity of boosting delivery.

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

29. There are several of the above factors which are largely within the control of the Council. These include the delivery of homes directly by the Council subject to resources being available, making it easier and more worthwhile for SME homebuilders to operate in the Borough, the Section 106 process and the disposal of Council land for housing.
30. In terms of issues that the Council has less control over these would include the actions of volume homebuilders and the actions of neighbouring local authorities so there is less focus on these factors, including the very high levels of delivery, greatly exceeding identified need, in neighbouring local authorities, some of which share the same housing market area as Gateshead.

### **Actions and monitoring**

31. The table below set out the proposed actions, how they will be implemented, by whom and when. The focus can be on a manageable number of tasks. In

addition, the actions proposed are considered to have the potential to have the biggest impact on delivery and are generally within the Council's control.

32. The following are to form the measures of the revised action plan:

- Speed up the signing of s106 Agreements. This will provide an opportunity for many larger sites to be delivered earlier.
- Speed up the disposal of Council land for housing. The Council owns many small sites that are suitable for housing and many benefit from their allocation in MSGP, a Development Framework, or Permission in Principle.
- Ensure the timely adoption of MSGP. The majority of sites allocated in MSGP are small and medium-sized and will provide more development opportunities to SME builders.
- Increase delivery of Council led development. This will be subject to resources to achieve this. Despite initial targets not being hit (this has not been helped by Covid 19), the Council has made a positive start in the delivery of Council led schemes.
- Promoting Gateshead corporately. Discussions are ongoing with Homes England, promoting Gateshead as a place for housing growth to give a better opportunity to secure funding for infrastructure to unlock brownfield sites such as Metrogreen.
- Publish the digital tool. Whilst a funding bid was unsuccessful, it did force the Council to look more corporately at digital planning and did lead to the Council committing financial resource to the project and also looking at digital options in view of up and coming procurement of planning IT kit such as alternatives to IDOX.
- Ongoing discussions with developers to see where they see any problems and what they feel could be done to increase delivery. It is important to remember that private developers will play a big part in delivery.
- Workshop with Registered Providers (RPs) to determine ways in which the development relationship with the Council can be improved upon to support increased RP-led or supported new homes supply.
- Development of a new Affordable Housing Strategy and Delivery Plan to explore and agree any new affordable housing policies in Gateshead to stimulate the supply of affordable new homes, and to provide a focus for future affordable housing programme delivery.

Detailed review of the Housing Revenue Account (HRA) Strategy and identification of uneconomic housing stock to enable discussion on options for potential redundant housing stock moving forward, including any impact on existing or proposed development frameworks.

33. The actions set out in the table have different timescales and are capable of being measured. In terms of reporting, this would be done annually to the Council's Cabinet, the Council's relevant Portfolio holders and to the Council's Planning and Development Committee and set out the success of measures. Following the annual publication of the Housing Delivery Test results, any future requirement for an Action Plan and the contents of the plan would be signed off by Cabinet.



<b>Actions</b>	<b>How implemented</b>	<b>Who responsible Lead</b>	<b>Timescales</b>	<b>Already in place?</b>	<b>How monitored</b>
		Strategic Director Economy, Innovation and Growth (EIG) Strategic Director Housing, Environment & Healthy Communities (HEHC)			
Speed up the signing of S106 Agreements	Review the process with Legal and Democratic Services and developers. Identify reasons for lack of progress once resolution to grant permission has been made, use of standard template and milestones set out as part of the planning application process including the signing of S106 Agreements.	EIG; Development Management	End of 2020	In progress	Review takes place and results in new measures being brought in to tackle delays.
Speed up the disposal of Council-owned land	Set out target timescales for disposal where there is a Development Framework and/or PIP in place.	EIG; Property Services	August 2021	In progress	Monitoring of how quickly sites are disposed.
Ensure the timely adoption of MSGP	MSGP is adopted and comes into force.	EIG; Spatial Planning	End of 2020	In progress	MSGP becomes adopted and sites are allocated.
Speed up the delivery of in-house development	Review programme of housing delivered directly by the Council.	EIG; Housing Growth & Development and HEHC; Housing Strategy	August 2022	In progress	Assess the number of homes completed each year.
Increase the promotion of Gateshead as a place to build new homes.	More advertisement of the Borough digitally and in the press and with the development industry from SMEs to volume homebuilders.	EIG; Major Projects & Communications team.	On-going	In progress	Aim for a certain number of articles on Gateshead and focus on certain promotional events.
Publish the digital tool providing site information.	Tool is available to use on the Council's website which will help to support SMEs to take on more sites and implement more existing permissions.	EIG; Spatial Planning	End of 2020	In progress	Spatial Planning team are directly involved in rolling out the tool and will therefore be able to directly monitor.
Better understanding of developer needs and suggestions.	Ongoing regular discussions and workshops with developers (large and small) and RPs to see where they see any problems and what they feel could be done to increase delivery.	EIG; Housing Growth & Development HEHC; Housing Strategy,	On-going	In progress	Arrange meetings with SMEs, another with RPs and another meeting with larger developers.
Stimulate the supply of affordable new homes, and to provide a focus for future affordable housing delivery.	Development of a new Affordable Housing Strategy and Delivery Plan to explore and agree any new affordable housing policies in Gateshead.	HEHC; Housing Strategy	End of 2021	No	New Affordable Housing Strategy and Delivery Plan produced.

Identify options for redundant housing stock and existing or proposed development requirements	Detailed review of the Housing Revenue Account (HRA) Asset Strategy.	HEHC; Housing Strategy	End of 2021	No	Detailed review of HRA Strategy carried out.
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