



REPORT TO PLANNING AND DEVELOPMENT COMMITTEE

28th September 2022

TITLE OF REPORT: Housing Delivery Test Action Plan

**REPORT OF: Anneliese Hutchinson, Service Director, Climate Change,
Compliance, Planning and Transport.**

Purpose of the Report

1. To inform Planning and Development Committee of a new Housing Delivery Test Action Plan. If the action plan is approved by Cabinet it will be published on the Council's website. Previous action plans were published in 2019, 2020 and 2021.
2. **Background**
3. The latest results of the Housing Delivery Test (HDT) were published by the Government in January 2022. The results of the HDT set out how each local authority in England is performing in delivering new housing against nationally set delivery targets. The test will continue to apply each year.
4. The results showed that the delivery rate of new housing in Gateshead met 87% of the number of new homes required (a 24% improvement on the previous result) This is helped by the requirement being temporarily lowered to allow for impacts on construction during the first five months of the pandemic.
5. One of the consequences of the HDT results is that the Council must produce an action plan setting out measures to increase delivery (as in the previous three years). The action plan measures involve different services within the Council and but relates to the Planning function.
6. **Structure of the action plan**
7. As in previous years, 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 key actions and responses, updated from the 2021 Action Plan, and ways of measuring these.
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.

9. Next steps

10. The next set of results from the HDT is expected in January 2023. In-year monitoring of housing completions in 2021-22 suggest that Gateshead will again fall short of the requirement. This would require a further Action Plan in 2023 which would however provide an opportunity to review the action plan and the success of the measures already in place.

11. Presumption in favour of sustainable development

12. Members may recall that the “Presumption in favour of sustainable development was triggered by the previous poor delivery results. This meant that in some circumstances some of the council’s planning policies would be considered out-of-date and unable to be applied to some housing applications. This is no longer the case with this year’s improved results, although it continues to be a risk for the future.

13. Recommendation

14. It is recommended that the Committee note the report for information.

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APPENDIX 1

1. FINANCIAL IMPLICATIONS

Nil

2. RISK MANAGEMENT IMPLICATIONS

Nil

3. HUMAN RESOURCES IMPLICATIONS

Nil

4. EQUALITY AND DIVERSITY IMPLICATIONS

Nil

5. CRIME AND DISORDER IMPLICATIONS

Nil

6. SUSTAINABILITY IMPLICATIONS

Nil

7. HUMAN RIGHTS IMPLICATIONS

Nil

8. WARD IMPLICATIONS

This applies to all wards.

9. BACKGROUND INFORMATION

[previous housing delivery test action plans](#)

APPENDIX 2

Housing Delivery Test Action Plan 2022

BACKGROUND

1. The 2021 results of the Government's Housing Delivery Test (HDT) (issued in January 2022) show that 87% of new housing required in the Borough is being delivered. Whilst this is a significant improvement on the 63% figure from the previous HDT results (issued in January 2021), 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. The improvement was largely due to the measurement discounting expected completions for 5 months at the beginning of the pandemic.
2. Three previous action plans (as required under the previous HDT results) have been published by the Council, the latest in July 2021. 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 by national household projections.
4. In comparison to last year, Gateshead's performance against the HDT is no longer the lowest of all authorities in the north east of England, which is now South Tyneside, but it is still second lowest 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.
 - 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 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).

- Introduce the principle in favour of sustainable development meaning that some planning policy could have less weight when considering the balance between deliverability and other considerations.
 - 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 whether additional or replacement actions are required.
6. The Plan links to 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) makes up parts 1 and 2 and was adopted in March 2015, requiring 11,000 new homes. A joint CSUCP review was approved in March 2020.
7. Part 3 of the Local Plan is Making Spaces for Growing Places (MSGP), adopted in February 2021. This 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 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 of 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 plans identified several 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 taken 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 again reviewed these root causes. The number of demolitions has reduced. Between 2015/16 and 2017/18 demolitions had an average effect of reducing of 37% net additions by 37% and therefore this had a large impact on net delivery. However,

there was a gradual reduction in the number of demolitions between 2015/16 and 2017/18 and a big drop from 2018/19 as shown below. 2021/22 has been the third consecutive year with no demolitions by the Council, which has always been the main driver of demolitions; there have been small numbers of private demolitions, though none in 2021/22. The high number of demolitions therefore is no longer a significant issue for our delivery.

Year	No. demolitions
2021/22	0
2020/21	3
2019/20	6
2018/19	20
2017/18	107
2016/17	130
2015/16	164

12. However, council homes at Felling, Bensham and in the town centre are being emptied for demolition and redevelopment and further demolitions of council stock may take place in the next few years. This contributor to low net completions may therefore become significant again in the near future. Whilst demolitions by the Council only take place when there is no realistic alternative, this increases the importance of ensuring that new completions are maximised.

13. In regard to time taken to sign Section 106 Agreements, the 2020 Action Plan set out that there were four large housing sites that were minded to approve by the Council's Planning and Development Committee, but where permission had not been formally issued due to waiting for Section 106 Agreements to be signed. The sites were 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. Viability issues on the site have led to delays in the signing of the Section 106 Agreement.
 - 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.

14. The High Spen East and Ryton sites were both granted planning permission in 2020/21 and development has begun on both sites. Work is ongoing by both the Council and the developers to progress the sites at Dunston Hill and Kibblesworth.

Covid 19

15. Covid 19 resulted in construction sites being closed for several weeks in 2020 and a slowing down of the housing market. This was temporary and the overall picture for the last few years is of gradually increasing, though still insufficient, progress in the development of sites in Gateshead. Covid cannot be blamed for poor delivery compared to the Housing Delivery Test measurement since, if anything, the slowdown was less than revised test measurement (an assumed five-month hiatus in completions) allowed for.

Shortages in construction materials and wider economic situation affecting housing construction

16. According to the Department for Business, Energy and Industrial Strategy (BEIS), the cost of materials rose by a modest 2% for new housing construction work in April 2021 compared to one year before. However provisional figures for March 2022 show a 19.5% increase compared to the year earlier.
17. Development costs are also being affected by construction industry skills shortages, and pressure on supply chains resulting at least partly from Brexit and the war in Ukraine.
18. In view of the current rapidly-changing situation regarding general inflation, incomes and cost of living it would be unwise at present to speculate on the likely impact on construction costs, and the affordability of new dwellings to potential purchasers over the next couple of years. Average house price increased 8.4% in the North East from March 2021 to March 2022 (Office for National Statistics), though the figure for Gateshead was only 3.35.
19. The above situations cannot be dealt with through this Action Plan as they involve the global supply chain and the overall economy which cannot be influenced by the Council.

Issues that are not affecting delivery

20. 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
 - Burdens from Community Infrastructure Levy (CIL)
 - Burdens from planning obligations
21. It is still considered that the above factors were not affecting delivery in 2021/22. 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. A review of viability in Gateshead and Newcastle is due to take place in the next few months.
22. In regard to speed of determining planning applications, in each year of the three-year period 2018-21, the Council determined 100% of major planning applications for housing within 13 weeks, or in accordance with the terms of an extension of time agreement (against a national target of 60%). Of these applications, 89% (2018-19), 94% (2019-20) and 100% (2020-21) were granted permission.
23. For the same period, the Council determined 93% (2018-19), 84% (2019-20) and 71% (2020-21) of minor planning applications for housing within 8 weeks, or in accordance with the terms of an extension of time agreement (against a national target of 65%). Of these applications, 81%, 86% and 80% were granted permission.
24. Despite some reduction in the speed of determining minor applications, caused by temporary staffing and capacity issues, the above demonstrates that the Council is still

dealing with applications in a speedy manner, exceeding national targets and therefore not affecting delivery.

25. In regard to land allocated for housing, the CSUCP has allocated 14 strategic sites for housing equating to approximately 4191 homes. MSGP was adopted in February 2021 and allocates 101 sites for housing equating to approximately 2789 homes.

REVIEW OF PREVIOUS ACTION PLAN MEASURES

26. The previous action plan was published in July 2021. The measures set out to increase delivery in that plan were:
 - Speed up the signing of S106 Agreements.
 - Speed up the disposal of Council-owned land.
 - Ensure the timely adoption of MSGP.
 - Speed up the delivery of in-house development.
 - Increase the promotion of Gateshead as a place to build new homes.
 - Publish the digital tool providing site information.
 - Better understanding of developer needs and suggestions.
 - Stimulate the supply of affordable new homes and focus on future affordable housing delivery.
 - Identify options for redundant housing stock and existing or proposed development requirements.
27. The following measures from the previous action plan have helped to increase delivery (or will in future years).
 - GRP (the Gateshead Regeneration Partnership, the Council's Joint Venture Vehicle with Home Group (Registered Provider) and Galliford Try (private sector developer) has increased output and expanded the number of active sites. The following sites have been completed or nearly completed – Trilogy Phase II (Kelvin Grove), Birtley Northside, Rowlands Gill and Windy Nook. In addition planning permission has been granted for the Freight Depot site and applications are imminent for Trilogy Phase III (Hyde Park Street) and a further phase of Birtley Northside. There are a further nine council-owned sites where business plans are being progressed although there are viability issues with the majority of them.
 - Permission in Principle (PIP) 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 was adopted in February 2021.
 - In-house delivery has taken place at several locations and is currently taking place at Whitley Court, whilst several further sites have gained planning permission.
 - Section 106 Agreements have been signed, planning permission issued and work started on the large housing sites at Ryton and High Spen East.
 - The Council-owned site at Felling Depot has secured PIP.
 - The Council has received £2m funding from the Affordable Homes Programme to build 44 homes at Whitley Court, Wrekenton, where, as referred to above, construction has started.
 - The Council's Digital Brownfield Tool was published in 2021 and updated in April 2022.
28. The following measures in the action plan have not been as successful.

- Delays in signing s106 agreements for the Kibblesworth and Dunston Hill sites. For Kibblesworth this was largely outside the Council's control. For Dunston Hill delicate negotiations despite limited resources have recently re-started.
- Disposal of Council-owned sites has proven more complicated than expected.
- In-house delivery has been slower than anticipated due to viability challenges caused by site remediation costs and a relatively weak local housing market.
- Only a small proportion of sites on Part 1 of the Brownfield Land Register have been granted Permission in Principle and placed on Part 2 of the Brownfield Land Register. Work on Permissions in Principle has stalled through pressures on staff capacity, though PIP is an encouraging and streamlining mechanism rather than a prerequisite for sites to proceed.

KEY ACTIONS, RESPONSES AND MONITORING

29. From the above analysis there are a number of measures that are working well but also a number of measures that still need to be improved to help increase delivery (in the short, medium and long term).
30. As with the previous action plans 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

31. From the root cause analysis and review of measures in the previous action plans, 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 due to a relative 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. This brings about viability and technical challenges on a high proportion of suitable and available sites.
 - Low land values in many parts of the Borough which brings about viability challenges.
 - Sluggish delivery of in-house development, partly due to a lack of resources and a poor financial business case.
 - Delays in signing Section 106 Agreements due to delicate land negotiations.
 - Delays in agreeing the disposal of council-owned land.
32. The Council is a significant landowner in the Borough and much of its land is allocated in the Local Plan for housing development. For example, the Council wholly owns or partially owns land which covers 69 allocated sites and 4 non-allocated sites which have an expected

delivery of 3881 homes in 2021-32 inclusive-. **Therefore as an average, between 2020 and 2032, 323 homes per year need to be delivered on Council-owned land.** This means there is a big part for the Council to play in terms of disposing of its land for housing development and, where prudent to do so, ensuring in-house development on its own land. This figure may need to increase to a higher net delivery figure to the extent that demolitions result in an increase in the gross housing completions so that the net completions do not fall short.

33. It is therefore considered that tackling the above issues will provide the best opportunity of boosting delivery. The Housing Development Strategy and Delivery Programme has recently been prepared for the period 2022-25.

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

34. 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, making it easier and more worthwhile for SME homebuilders to operate in the Borough, the planning application and Section 106 process, the Local Plan process and the disposal of Council land for housing with the Council being a major landowner in the Borough.
35. Issues that the Council has less control over 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

36. 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.
37. The following are to form the measures of the revised action plan:
 - Speed up the signing of s106 Agreements by end of 2022. This will provide an opportunity for remaining larger sites to be delivered earlier.
 - Issue a call for sites as part of the Local Plan process. This is expected to take place in summer / early autumn 2022 and invites landowners and developers to submit information on sites that they believe to be suitable for new housing. This will not include greenfield sites in the Green Belt.
 - 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, or a combination of these.
 - Review delivery of Council-led development to ensure sites are deliverable. Work is in progress on a number of sites as indicated in the Housing Development Strategy and Delivery Programme.
 - Promoting Gateshead corporately along with regular discussions with developers to discuss any problems affecting delivery. 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. Reorganisation within the Council has led to the formation of a team championing housing growth.

- 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. This issue is addressed by the draft Housing Development Strategy and Delivery Programme which has been drafted and is being considered for approval, which confirms delivery of affordable homes and includes this as a strategic aim.
 - 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. The first phase of this has been completed and has prompted the decommissioning and intended demolition of council housing referred to above. The next phase of the review is scheduled for autumn 2022 and the whole review to take 3-4 years in total, resulting in incremental decision-making over that period.
38. 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.

Actions	How implemented	Responsibility	Timescales	Already in place?	How monitored
		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	October 2022	In progress	Review takes place and results in new measures being brought in to tackle delays.
Issue a call for sites as part of the Local Plan process	Invitation to landowners and developers to submit information on sites that they feel will be suitable for new housing. This will not include greenfield sites in the Green Belt. The sites put forward will then be analysed by the Spatial Planning team using a digital platform which has been procured to speed up the process and improve transparency and usability for those submitting sites.	Spatial Planning	Autumn 2022, results analysed by December 2022	No	Review responses to call for sites.
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; Portfolio Members for Housing and Environment and Transport	December 2022	In progress	Monitoring of how quickly sites are disposed of.
Speed up the delivery of in-house development taking into account viability.	Review programme of housing delivered directly by the Council. Allocate more resources to in-house delivery, including potentially from the New Homes Bonus. The Housing Development Strategy and Delivery Programme has reviewed the programme but will require continuing review.	EIG; Housing Growth & Development and HEHC; Housing Strategy; Portfolio Members for Housing and Environment and Transport	December 2022	In progress	Assess the number of homes completed each year by the Council.
Increase the promotion of Gateshead as a place to build new homes.	Regular meetings with developers and the creation of a team championing new housing delivery (Housing Growth team).	EIG; Major Projects & Communications team; Portfolio Members for Housing and Environment and Transport	On-going	In progress	Housing Growth team continues to champion housing delivery and liaises with developers.

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; ICT Services	December 2021	Yes	Update annually in conjunction with updating of the Brownfield Register. 2021 version was updated in April 2022
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	December 2022	In progress	New Affordable Housing Strategy and Delivery Plan produced covered by the draft Housing Development Strategy and Delivery Programme
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	December 2024, in stages	In progress	Detailed review of HRA Strategy carried out.
Increase publicity and a point of contact for SMEs looking to develop in the Borough.	Publicise a point of contact within the Council as a co-ordinator for SME developers with input from Planning and Property functions to provide advice and guidance along with the digital tool, development frameworks, brownfield land register and PIPs.	Housing Growth, Property Services and Spatial Planning.	December 2022	Partially	Promotion on website and social media.
Review site viability to determine the funding gap	Review of viability scheduled. Outcomes to be considered against funding opportunities	Spatial Planning in conjunction with Newcastle City Council, and Housing Growth	December 2022	In progress	Viability review completed and funding opportunities assessed

