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Date	6 <sup>th</sup> June 2019		
Report Originator	Head of North Northamptonshire Joint Planning and Delivery Unit		
Report Title	Housing Delivery		

## 1. PURPOSE OF REPORT

To provide an overview of the Letwin Review on housing delivery, the Government's response, and the current position in North Northamptonshire.

## 2. BACKGROUND

- 2.1 In recent decades, levels of housebuilding have not kept up with demand and Governments past and present recognise the need to address this and increase the supply of new homes. In North Northamptonshire (NN) the provision of high quality new housing is integral to meeting local need and to the economic growth of the area. It is therefore imperative that rates of delivery are closely monitored relative to the provisions of the Joint Core Strategy (JCS) and that measures are undertaken to overcome any constraints to housing delivery.
- 2.2 The JDC has provided extensive feedback to Government regarding the issues that impact on housing delivery in NN. The key points endorsed by the Joint Delivery Committee (JDC) on 31<sup>st</sup> January 2017 were that:
- The scale and complexity of housing delivery in NN requires capacity funding at a greater scale and with more permanence than currently exists.
  - The planning system is not the primary cause of slower-than-planned rates of delivery. The government should support local authorities that wish to intervene in the market to progress housing delivery at a quicker pace.
  - There is an over-reliance on a small number of volume housebuilders to build homes at the right quantity. Opportunities for small and medium-sized builders to grow their market share need to be created.
  - The Government should take a more open minded approach to how housing can be delivered across all tenure types and using more tools to help the market meet needs.
- 2.3 These points were incorporated into the JDC's response to the Housing White Paper, which was endorsed by the JDC at its 13<sup>th</sup> April 2017 meeting, and combined with the response of the Joint Planning Committee (JPC) to provide North Northamptonshire's joint response. The JPC also re-emphasised relevant points in subsequent consultation responses, notably to the revised NPPF.

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### 3. LETWIN REVIEW AND THE GOVERNMENT'S RESPONSE

- 3.1 Following the consultation on the Housing White Paper the [Independent Review of Build Out](#) by Sir Oliver Letwin was published in October 2018. The Executive Summary is provided at [Appendix 1](#) of this report, and the recommendations are summarised below. This review focuses on the issue of the build out rate of fully permitted new homes on the largest sites in areas of high housing demand, sets out a number of recommendations to not only increase rates of housing delivery on these sites, but to also increase variety and differentiation to what product is offered as well as raise the proportion of affordable housing.
- 3.2 The recommendations of the report are that Government should:
1. Adopt a new set of planning rules that requires the developers of large sites to provide a diversity of housing products and types in line with diversification principles set out in a new planning policy document;
  2. Establish a National Expert Committee to advise local authorities on the interpretation of diversity requirements for large sites
  3. Provide incentives by making any future government funding or interventions for a scheme conditional that the developer signs a s106 that conforms with the new planning policy;
  4. Introduce a power for LPAs to create masterplans and design codes to ensure both a high degree of diversity and good design to promote rapid market absorption and rapid build out rates; and
  5. Give LPAs clear statutory powers to purchase land designated for large sites compulsorily at prices which reflect the value of those sites once they have planning permission and a master plan that reflect the new diversity requirements; and:
  6. Give LPAs powers to control the development of such designated large sites.
- 3.3 Following the publication of the Letwin Review, the National Audit Office produced a follow up report in February 2019. This set out recommendations to support the ambition of delivering 300,000 net additional homes a year cross the country. The recommendations are for MHCLG
1. To undertake regular housing monitoring;
  2. Support and assess LPAs that are not meeting their requirements;
  3. Work with LPAs to ensure necessary infrastructure is funded and delivered; and
  4. Work on addressing the skills gaps in LPAs.

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3.4 The Government published its response to the Letwin Review in a [written ministerial statement](#) from the Secretary of State for Housing, Communities and Local Government accompanying the Spring Statement in March 2019. The key elements of this statement are summarised below:

- The SoS welcomed Letwin's "support for greater emphasis on housing diversification within the planning system. He said that the revised National Planning Policy Framework "has already embedded a requirement for a greater mix of housing; it explicitly requires a mix of size, type and tenure of housing that reflects the diverse needs of local communities."
- MHCLG would shortly publish additional planning guidance on housing diversification – to further encourage large sites to support a diverse range of housing needs and help them build out more quickly.
- The SoS said he noted Letwin's "recommendations that authorities should further capture land value uplift by insisting on specific levels of greater housing diversification – and also note that many in the housing-building industry are sceptical of this approach."
- The SoS agreed with the principle that the costs of increased housing diversification should be funded through reductions in residual land values. The government is committed to improving the effectiveness of the existing mechanisms of land value capture, making them more certain and transparent for all developments. But the minister said his focus was on "evolving the existing system of developer contributions to make them more transparent, efficient and accountable and my department is gathering evidence to explore the case for further reform."
- The SoS would keep the need for further interventions to support housing diversification and faster build out, including amendments to primary legislation, under review.

3.5 When the further guidance referred to above is published it will be reported to the JDC in due course. North Northamptonshire and its constituent authorities have been making significant process in seeking to address the issues raised in the Letwin Review and these are referenced within this report.

#### **4. NORTH NORTHAMPTONSHIRE HOUSING DELIVERY**

##### ***Annual Monitoring and 5 Year Housing Land Supply***

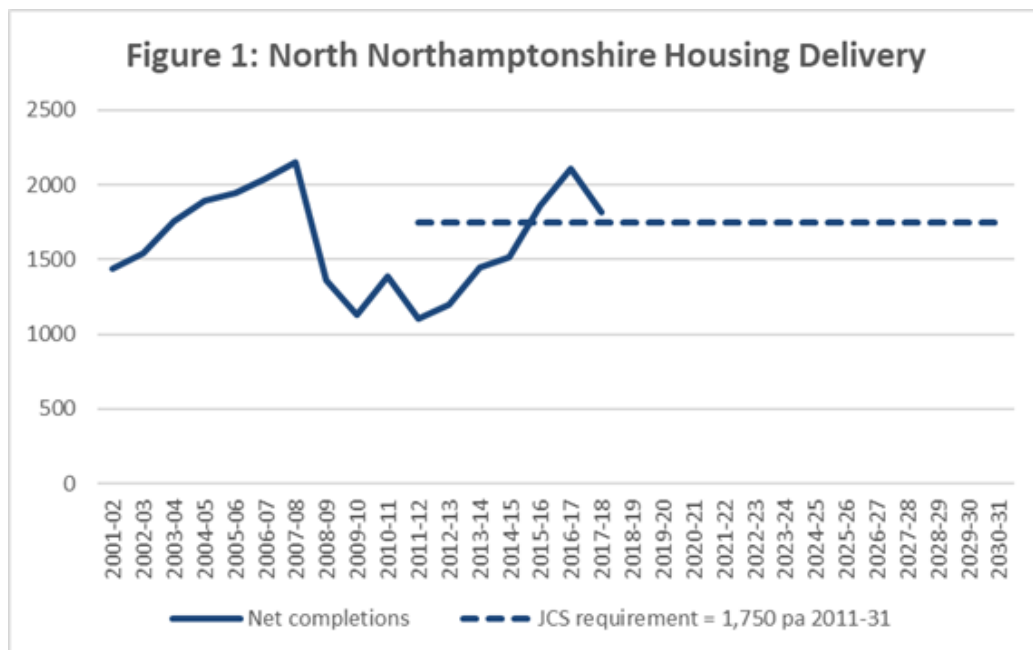
4.1. As reported to the Joint Planning Committee on 25<sup>th</sup> April 2019, all local authority areas can demonstrate a sufficient supply of housing land, inclusive of a buffer in line with national policy guidelines.<sup>1</sup> This is positive as it ensures that the housing policies of the JCS can be considered up to date.

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<sup>1</sup> The NPPF requires a 5% buffer to ensure choice and flexibility in the market for land. This increases to 20% where there has been significant under delivery of housing over the previous 3 years. This higher buffer has only been applied by Corby Borough Council.

LPA	No. of years housing supply 2019-24
Corby	5.3
East Northamptonshire	6.28
Kettering	6.98
Wellingborough	7.47

4.2 Figure 1 below shows net dwelling completions in the first 8 years of the JCS period and also, to provide context, in the preceding 10 years.



4.3 In relation to the 2017/18 monitoring year, 1,812 net new homes were built across NN. This is the third highest level of completions since the start of the JCS Plan period and despite being lower than the 16/17 figure, the overall annual requirement set out in the JCS has been met again. Table 2 shows the breakdown of completions since 2011 by local authority. In 2017/18 the greatest amount of new housing was provided in Corby with 597 dwellings, followed by Kettering Borough (495). East Northamptonshire saw a decrease in housing delivery, but still exceeded their JCS target with 446 completions and Wellingborough delivered 274 new dwellings, which is an increase on 16/17, but still a shortfall on their JCS requirement. These figures reflect a decrease in delivery at the Market Towns and a slight increase in delivery at Growth Towns as more of the Garden Communities begin to deliver. There has also been an increased proportion of completions on Brownfield land relative to the preceding year, with 37% of all housing numbers being delivered on such land.

Year	Corby Borough	East Northamptonshire District	Kettering Borough	Borough of Wellingborough	North Northamptonshire
2011/12	482	184	313	122	<b>1,101</b>
2012/13	483	248	351	116	<b>1,198</b>
2013/14	342	313	540	255	<b>1,450</b>
2014/15	390	459	282	384	<b>1,515</b>
2015/16	368	565	547	380	<b>1,860</b>
2016/17	349	806	706	247	<b>2,108</b>
2017/18	597	446	495	274	<b>1,812</b>
<b>Totals</b>	<b>3,011</b>	<b>3,021</b>	<b>3,234</b>	<b>1,778</b>	<b>11,044</b>
<b>JCS Annual Requirement 2011-31</b>	<b>460</b>	<b>420</b>	<b>520</b>	<b>350</b>	<b>1,750</b>
<b>JCS Requirement 11-18</b>	<b>3,220</b>	<b>2,940</b>	<b>3,640</b>	<b>2,450</b>	<b>12,250</b>
<b>Performance to date</b>	<b>-209</b>	<b>81</b>	<b>-406</b>	<b>-672</b>	<b>-1,206</b>

- 4.4 This demonstrates that housing delivery in North Northamptonshire is well placed and meeting current JCS requirements albeit with a historic shortfall as the housing market recovered from the recession. With many of the SUEs now progressing to delivery stage, the number of houses built is expected to rise significantly provided it is supported by favourable market conditions and investment in necessary infrastructure.

### ***Garden Communities Delivery***

- 4.5 Delivery on the Garden Communities has been slower than envisaged in the JCS due to market conditions and the high level, complexity and associated costs of upfront infrastructure. However, all four of the consented Garden Communities are now making progress on site either via housing delivery or key access routes under construction. A brief update is provided below. Tresham Garden Village is included as it is progressing from concept to planning application stage.

Northeast Corby At Priors Hall Urban and Civic have decided to re-evaluate Zones 2 & 3 to provide more housing and a new outline application is expected in the next few months.

At Weldon Park Persimmon have increased build out rates and a new A43 roundabout has recently completed to support delivery and provide further access to the site.

West Corby An outline planning application was submitted in April 2017. This will be presented to committee later this year.

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Hanwood Park      Key infrastructure works including internal roads are progressing well. David Wilson, Barratts, Taylor Wimpey and Persimmon are now on site.

Glenvale Park      Construction of the access and spine road has begun on site and is expected to be completed by November 2019.

Stanton Cross      Key routes into the site are progressing well including the route which leads into the Neighbourhood Centre and school which will allow further development parcels to be accessed.

Rushden East      Submission of a masterplan is expected later this year.

Tresham GV      Masterplan and Delivery Strategy agreed in principle by East Northamptonshire Council in October 2018. Technical issues being resolved and planning application anticipated autumn 2019.

4.6 Investment and funding support from Homes England via a £70 million loan to the delivery partners for Hanwood Park in Kettering and Glenvale Park in Wellingborough will help to deliver key access points and internal roads opening up the site for further housing.

4.7 Major house builders such as Taylor Wimpey, David Wilson Homes/Barratts and Persimmon are involved at Priors Hall, Weldon Park and Hanwood Park with Bovis Homes leading the development at Stanton Cross.

4.8 Priors Hall has some smaller house builders on site; Francis Jackson Homes and Jelson Homes, and this will be encouraged across all the Garden Communities to broaden the offer available.

4.9 It will be important to continue focus and support on the Garden Communities and to look ahead to deliver infrastructure requirements at specific thresholds to ensure the continued medium and long-term delivery at these sites. Following discussion with Homes England, it is recommended that the NN Stakeholder Group is reconvened as a Delivery Group to oversee progress on the Garden Communities. This will meet quarterly and report to the JDC. Attendees will include the local planning authorities, the JPDU, promoters of consented Garden Communities, Homes England, MHCLG, SEMLEP, EEH and Highways England. Other stakeholders will be invited on a subject basis. Meetings will be in two parts: general NN issues followed by operational issues for individual Garden Communities.

## **5. DIVERSIFYING HOUSING SUPPLY**

5.1 A report will be presented to the JDC when MHCLG publishes the promised guidance on housing diversification. In addition to addressing the implications for the Garden Communities, this report will provide an update on other initiatives in NN, including opportunities for Custom and Self-Build housing and the provision of Extra Care housing.

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5.2 The JPDU has secured capacity funding to assist in supporting the delivery of consented housing sites, with an emphasis on accelerating the delivery of smaller sites including those identified on brownfield registers. It will also entail advising on market conditions. The scope of this work is currently being agreed with the planning and housing officers of the partner councils and the JDC will be updated.

## 6. CONCLUSION

6.1 The findings of the Letwin Review pick up on issues previously raised by the JDC, including the over-reliance on a small number of volume housebuilders and the need to create opportunities for small and medium-sized builders to grow their market share. A report will be presented to the JDC when MHCLG publishes guidance on housing diversification in response to the Letwin Review.

6.2 Housing delivery in North Northamptonshire is progressing well in relation to JCS requirements, albeit with a historic shortfall as the housing market recovered from the recession. With many of the SUEs now progressing to delivery stage, the number of houses built is expected to rise significantly provided it is supported by favourable market conditions and investment in necessary infrastructure. The proposed NN Delivery Group will bring together key stakeholders and the developers of the consented Garden Communities to address barriers to delivery.

## 7. RECOMMENDATION

That the Joint Delivery Committee notes the content of the report and supports the creation of the North Northamptonshire Delivery Group.

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Background Papers: None

Title

Date

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## Appendix 1: Letwin Review Executive Summary

### Executive summary

- This is the Final Report of the Independent Review of Build Out Rates. The Review was commissioned by the Chancellor of the Exchequer at the time of the Budget in Autumn 2017.
- I have worked with the help of a group of independent experts and the support of a dedicated team of officials. My [Draft Analysis](#) was published in June. The Analysis focused on the issue of the build out rate of fully permitted new homes on the largest sites in areas of high housing demand.
- I concluded that the homogeneity of the types and tenures of the homes on offer on these sites, and the limits on the rate at which the market will absorb such homogenous products, are the fundamental drivers of the slow rate of build out.
- This, my Final Report, presents recommendations about ways in which the Government could increase the variety and differentiation of what is offered on these large sites, raise the proportion of affordable housing, and raise the rate of build out.
- I have concluded that the Government should:
  - adopt a new set of planning rules specifically designed to apply to all future large sites (initially those over 1,500 units) in areas of high housing demand, requiring those developing such sites to provide a diversity of offerings, in line with diversification principles in a new planning policy document; and
  - establish a National Expert Committee to advise local authorities on the interpretation of diversity requirements for large sites and to arbitrate where the diversity requirements cause an appeal as a result of disagreement between the local authority and the developer.
- To give the greatest possible chance that the new planning rules for large sites will have an effect in the near-term I recommend that the Government should:
  - provide incentives to diversify existing sites of over 1,500 units in areas of high housing demand, by making any future government funding for house builders or potential purchasers on such sites conditional upon the builder accepting a Section 106 agreement which conforms with the new planning policy for such sites; and
  - consider allocating a small amount of funding to a large sites viability fund to prevent any interruption of development on existing large sites that could otherwise become non-viable for the existing builder as a result of accepting the new diversity provisions.
- To give the greatest possible chance of significant change in the build out rates and quality of large scale development in the longer-term I recommend that the Government should:
  - introduce a power for local planning authorities in places with high housing demand to designate particular areas within their local plans as land which can be developed only as single large sites, and to create master plans and design codes for these sites which will ensure both a high degree of diversity and good design to promote rapid market absorption and rapid build out rates;
  - give local authorities clear statutory powers to purchase the land designated for such large sites compulsorily at prices which reflect the value of those sites once they have



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planning permission and a master plan that reflect the new diversity requirements (with guidance for local authorities to press the diversity requirements to the point where they generate a maximum residual development value for the land on these sites of around ten times existing use value rather than the huge multiples of existing use value which currently apply); and

- also give local authorities clear statutory powers to control the development of such designated large sites through either of two structures (outlined in Annex C):
  - a. the local authority could use a Local Development Company (LDC) to carry out this development role by establishing a master plan and design code for the site, and then bringing in private capital through a non-recourse special purpose vehicle to pay for the land and to invest in the infrastructure, before "parcelling up" the site and selling individual parcels to particular types of builders/providers offering housing of different types and different tenures; or
  - b. the local authority could establish a Local Authority Master Planner (LAMP) to develop a master plan and full design code for the site, and then enable a privately financed Infrastructure Development Company (IDC) to purchase the land from the local authority, develop the infrastructure of the site, and promote the same variety of housing as in the LDC model.