

# Cabinet

9<sup>th</sup> July 2019

Report of:

Portfolio holder for Growth  
and Prosperity

## 2018/19 HOUSING DELIVERY TEST AND ACTION PLAN

1.0	Corporate Priority:	Decision Type:	
1.1	PL3 Place priority – increasing the availability of good quality homes that meet local needs	Key Decision  Affects more than one Ward	

2.0	Summary:
2.1	To inform Members of the outcome of the 2018/19 Housing Delivery Test and its implications for the Borough.
2.2	To seek the Council approval to publish the 2018/19 Housing Delivery Action Plan (HDAP), which is a requirement according to the 2019 revised National Planning Policy Framework (NPPF) (para 75)
2.3	The Action Plan evaluates the cause of under-delivery and identifies actions to carried out in order increase delivery in future years. The publication of the document needs to be done before the 19 <sup>th</sup> August 2019, deadline given by the National Planning Policy Guidance (NPPG). The document does not need to be submitted to the Ministry of Housing, Communities & Local Government (MHCLG).

3.0	Recommendations
3.1	<b>That Cabinet note the outcome of the 2018/19 Housing Delivery Test</b>
3.2	<b>That Cabinet authorise the publishing of the Housing Delivery Action Plan as a graphic report as comprised in Appendix 1 on the Council's website before the 19<sup>th</sup> August 2019.</b>
3.3	<b>That Cabinet agrees that a Housing Delivery Action Plan be published on an annual basis in order to positively tackle housing delivery issues in the Borough.</b>

4.0	Reason for Recommendation:
4.1	The Council has made considerable progress towards encouraging and securing growth and prosperity in the Borough. Through our refreshed Corporate Delivery Plan, we have made housing, jobs and growth key priorities. The Council adopted

the Local Plan, promoting unprecedented levels of growth and investment in October 2018.

- 4.2 Over the last 12 months a Growth and Regeneration directorate was created. to pursue these priorities .

Operationally the team are progressing with the masterplanning of Melton South and Melton North which are keystone elements of the overall aspiration for growth and through outline planning consents with signed s106 agreements have already secured commitments for 810 dwellings within these areas and £7m towards the Melton Mowbray Distributer Road (MMDR). Working with colleagues at Leicestershire County Council we have been successful in securing nearly £50 million for the MMDR and have supported the bidding process to the Housing Infrastructure Fund for financial support for the southern link of the road. Following the planning fees increase we have already added resources to the planning team and are reviewing our planning service to ensure it is equipped and resourced to deliver.

- 4.3 The early signals are encouraging – we are seeing more active building sites and more delivery of affordable housing within them, and the most recent assessments of build rates showed a 60% increase in 2019/20 compared to the previous year. There is strong interest in very many of the sites allocated in the Local plan, with many the subject of recently approved planning applications or applications travelling through the system.

- 4.4 The time restriction is given in paragraph 073 of the National Planning Policy Guidance (Housing and economic land availability assessment) which says that *'To ensure the document is as useful as possible, local planning authorities should publish an action plan within 6 months of publication of the Housing Delivery Test result.'* These results were published by MHCLG on 19<sup>th</sup> February 2019. As explained above, the Action Plan should be prepared in line with the NPPG and therefore it should be published by 19<sup>th</sup> August 2019.

- 4.5 By agreeing the publication of a Housing Delivery Action Plan on an annual basis, the document would be published regardless of the Housing Delivery Test results, showing a proactive attitude from the Council and having a constant positive impact on the housing delivery strategy from Melton Borough Council.

- 4.6 One of our current priorities for Place is *'increasing the availability of good quality homes that meet local needs'* and the related increase of the house building in Melton which is directly connected to this Action Plan. Delivering more houses will also have direct and indirect impacts on other priorities, as for example the provision of infrastructure (place), the support to our local industry (people), the support to employment opportunities and career development (organisational priorities) and an improvement to the affordability of homes (people).

## 5.0 **Alternate Options Considered**

### 5.1 **Option 1.**

No action. Although the consequences of not publishing the Action Plan are still unclear, there is a remote risk of Central Government considering the Local Plan as an outdated document and the consequential presumption in favour of sustainable development if an Action Plan is not published when required.

## 5.2 Option 2.

A more detailed (technical) report was considered as an option. The amount of information in this sort of report would provide with more context to understand the issues and actions, however, it would also make the document more complex to read and follow for the final user.

## 6.0 Report Detail

6.1 The Housing Delivery Test is a new mechanism introduced by the Government to measure the housing delivery performance of Local Authorities. The results of the Housing Delivery test are published annually and they show the percentage of homes delivered over three year period against the number of homes required over that period. For the period covering 2016-19, **the result of the 2018/19 Housing Delivery Test for Melton Borough Council is 84%.**

Year	2015/16	2016/17	2017/18	Total
Completions	141	147	138	426
Requirement	170	170	170	510

HDT results (%) for the Borough of Melton = Completions (426) / Requirement (510) = 0.84 = 84%

6.2 When a Housing Delivery Test result is below 95%, the Local Authority is required to publish an Action Plan to identify challenges and actions to address under-delivery of housing in order to reduce the risk of ongoing under-delivery issues and to improve housing delivery in an area. When below 85%, in addition to the Action Plan, the Local Authority will need to apply a 20% buffer to the 5-year housing land supply calculation. Finally, if the percentage is below 75% (or 25% in 2018/19 or 45% in 2019/20 as transitional arrangements) 'the presumption in favour of sustainable development' applies in addition to the publication of the Action Plan and the 20% buffer. These consequences will last until the next Housing Delivery Test is published.

6.3 The impact of 'the presumption in favour of sustainable development' is that the Local Plan and possibly Neighbourhood Plans, would be regarded as 'out of date' for decision making purposes and the expectation would arise for any form of sustainable development to be approved, regardless of whether a preferred site/location and contributing to strategic objectives.

6.4 This report is to present to members for approval of the Housing Delivery Action Plan that is in Appendix 1. The remainder of the section explains its structure and content for further clarification.

6.5 The graphic report is divided in eight sections: Introduction, Planning policy profile in Melton, Housing delivery profile in Melton, Issues and challenges, Actions, Monitoring, Consulting and publishing, and Relevant Links.

6.6 The **Introduction** gives basic context to justify the need for an Action Plan as a consequence of the NPPF requirement.

6.7 The **Planning policy profile in Melton** provides basic headlines of our current position in terms of the Development Plan and planning policy. Adopted Melton Local Plan, made Neighbourhood Plans, Leicester and Leicestershire Strategic Growth Plan (SGP) approved and Supplementary Planning Documents (SPDs)

status.

6.8 The **Housing Delivery profile in Melton** provides background information of the housing reality in the Borough. The indicators analysed in this section are:

- a) Housing delivery test: requirement for an Action Plan and a 20% buffer on the 5-year housing land supply. The 20% buffer is already applied in our calculations so it does not change MBC situation.
- b) Five year housing land supply and housing trajectory (June 2018) where 9.5 years of housing supply are identified. Stepped trajectory, 20% buffer and 9% lapse rate applied to this calculation.
- c) Market information
  - a. Average cost of properties. The cost is similar to Leicestershire despite of having a lower increase (than Leicestershire) for the period 2011-2019 (-6%)
  - b. Sales volumes. Negative accelerated trend since August 2018 which was a maximum. The low number of volumes in Melton affect to the statistical analysis and unable further conclusions.
  - c. There are an important number of large sites that are expected to continue delivering or start delivering next year.

The section does not provide a deep analysis and future projection of the indicators as this can be justified through the challenges and actions and further information can be found in documents like the 5-year housing land supply report from 2018 and 2019.

6.9 The **Issues and challenges** section (shown, for a better understanding, alongside the **action** section in Appendix 1) identifies the main barriers to housing delivery in the Borough. Nationwide issues are not meant to be analysed in this report. The issues are related to the following areas:

- a) The Housing Delivery Test refers to the last three years, and during this period the Council received concerns from stakeholders regarding the absence of an adopted Local Plan, making it difficult for housing proposals to go through the planning process and planning decisions for officers and members to be more complex.
- b) Deliverability of the Sustainable Neighbourhoods (SNs). Identified as a key element to have healthy housing delivery in the Borough. Although SNs are a key element, the report highlights the importance of every allocation in the Local Plan and housing trajectory and the complexities associated to the interdependency of sites.
- c) Sites that are not delivering as expected. Our trajectory identifies sites that should be delivering this year and are not (or there is not information to confirm this). These sites are considered "at risk" and identified in the report. In this case, Normanton Lane in Bottesford is being delayed due to servicing issues and conversations with Network Rail and Main Road, Nether Broughton they are progressing slower than expected but no specific issues regarding delivering in the coming year are identified.
- d) Delays in the Discharge of Conditions stage (and related delays). This was identified in a stakeholder workshop in February 2019, alongside other issues that are relevant in a national scale. The issue refers to the time it takes for consultees to provide a response at this stage. Similar feedback was received (and supported by the planning review) for the s106 and the pre-commencement stages, issues which are more related to the departmental performance.
- e) The efficiency to manage planning applications by the Council has been

considered an issue by several stakeholders. The issues can be categorized in for areas:

- a. More resources are needed, including more staff and training.
  - b. Efficiency in planning decisions, some feedback suggests speedier responses other better quality.
  - c. A better pre-application service
  - d. Revamping committee procedures
- f) The low number of affordable homes completed this year, being a 48% than on the previous one with 25 completions only.

6.10 The **Actions** section establishes MBC strategy to tackle the issues identified above. Actions are categorized in three different groups according to their certainty: already done (D), current (C) and intended (I). Responding in the same order than shown in the section above:

#### Adoption of the Local Plan

- a) (D) As key element in this Action Plan the Council adopted the '2011-2036 Local Plan' in October 2018. The certainty and guidance provided by the Plan will increase the number of planning permissions at the same time that the aspirational planning for growth, as stated in the Plan, demonstrates a positive attitude from the Council to promote housing delivery beyond the minimum requirement, as an essential tool to boost economic growth in the Borough.

Further information:

- a) The Council adopted the aspirational target of 245 dwellings per annum (44% more than the minimum of 170 dwellings per annum) to boost economic growth in the Borough.
- b) 56 residential sites (including the two sustainable neighbourhoods) for 5,325 dwellings are allocated in a range of settlements and with a range of capacities which provides with additional flexibility to the Council.
- c) 7 reserve sites for 562 dwellings are identified in order to gain some additional flexibility when allocations do not come forward (e.g. landowner's expectations change) at a local level.
- d) The Local Plan aligned with existing Neighbourhood Plans and now serves as the baseline to provide a housing requirement figure for new ones.
- e) Supplementary Planning Documents for Affordable Housing and Housing Mix, Design and, probably the Sustainable Neighbourhoods Masterplanning, are currently progressing to provide further guidance in their explicit areas.
- f) Before its adoption, the process of preparing the Local Plan was already increasing the confidence of developers to bring forward sites in Melton and reflected in an increase of residential applications and planning permissions granted

#### Deliverability of SNs.

Already the Council has supported the successful bid for £49.5m of Department for Transport (DfT) for the Melton Mowbray Distributor Road (MMDR), which will accelerate the unlocking of land across Melton North Sustainable Neighbourhood (MNSN). The Council has recently been working with Leicestershire County

Council and development partners to submit a bid for £10m of Housing Infrastructure Fund (HIF) funding from MHCLG.

- a) (C) Preparation of a comprehensive plan that is realistic and deliverable and to facilitate planning applications to come forward.
- b) (C) Preparation of a delivery mechanism identifying phasing, funding and partnerships to deliver the plan.
- c) (C) Preparation of an equalisation agreement that all stakeholders buy into and accommodates all contributions for infrastructure including highways, education, open spaces and community facilities.
- d) (C) It is expected that upon completion of the Masterplan and apportionment / equalisation agreement that it will be adopted as a Supplementary Planning Document (SPD). All planning applications in the SNs will be assessed against the SPD to inform decision making in the future, and all s106 will be expected to be in accordance with the approved equalisation / apportionment agreement.

#### Sites that are not delivering as expected.

- a) (I) Sites “at risk” will be monitored more regularly. Barriers identified in these sites will be taken into account in the future in order to determine potential ongoing issues in certain areas or certain type of site.
- b) (D) The Council has contacted the two sites identified “at risk” above in order to address potential obstacles in this document. The issues mentioned by agents do not seem to be significant barriers to stop progress on site and they are expected to start delivering during the year.
- c) (D) Adjustments to the housing trajectory will be made according to this monitoring work.
- d) Sites assessed in this section only relate to >9 sites or housing allocations. In the next five years the updated trajectory includes 250 dwellings from windfall sites and small sites with planning permission which have not been assessed at this stage (due to the level of input required) and that represent approximately 10% of new completions.
- e) (I) Future Action Plans, will have more information to analyse and will have an historic record of sites “at risk”, involving an accurate categorization of those type of sites that are stalling. This first year is the basis of a strong evidence base to identify categories of sites that are/are not delivering as expected in the Borough.

#### Delays in the Discharge of Conditions stage (and related delays)

Unfortunately, the Council is unable to promote specific actions to have a speedier response from statutory consultees (beyond recently agreed regular meetings with some of them); however, we acknowledge that delays may be also related to other stages such as the section 106 agreements and the pre-commencement discharge of conditions. Improvements in both areas have been recently addressed as follows:

- a) (D) The Council has allocated resources and is committed to continue doing so to monitor section 106 agreements. This should have an impact in future

negotiations and availability of information which will have an impact in the quality of the service.

- b) (D) Details at the pre-commencement stage are only requested when needed, and now, with a pre-commencement agreement in place, developers and the Council should be able to progress smoother at this stage.
- c) (I) As part of the Planning Service Review the Council is preparing an Action Plan to deliver its recommendations. This will address some of the issues highlighted during the stakeholder workshop.

#### Efficiency to manage planning applications

- a) (D) and (I) :Although the recruiting process has been particularly challenging, the Development Control and Planning Policy teams are now more fully staffed, with only a single post of senior Planning Officer remaining vacant. One aspect of the Planning Review was to fundamentally review staffing arrangements with a view to improving recruitment and retention issues.
- b) (C) Covering all the points above and being particularly relevant for the point (ii) is the Planning Service Review. This action does not intend to duplicate what it is already mentioned in this report about the review, but to highlight it as an action itself. In the past years the department and the Council has proactively sought ways to improve its efficiency in this regard and undertaking this review is a clear example of this commitment.
- c) (I) The Council acknowledges the need for an improved pre-application advice and re—engineering of its application processes and it is currently studying options through the Planning Review. It has committed resources to this end and work has commenced.
- d) (D) The Council has recently moved to a Cabinet system. The Cabinet considers reports from the Scrutiny Committee and all policy and budgetary framework documents. Additionally, and in order to take the most of these changes in committee procedures, the following actions have been performed:
  - I. Quarterly training sessions with committee members have been agreed.
  - II. Committee procedures and reports have been overhauled. The new approaches provide greater focus and prominence to key issues.

#### Affordable homes completed

- a) (C) Affordable Housing and Housing Mix SPD in adopted.
- b) (I) Reinforcing the communication with Registered Providers of Affordable Homes and stakeholders with further workshops.

Further information:

Although these actions seem to respond to general concerns regarding affordable housing provision, the following considerations need to be taken into account in order to avoid premature conclusions.

- (i) Affordable homes tend to be built all at once in large schemes (and currently the only one at that is stage is Leicester Road, Melton Mowbray).

- (ii) It is expected that next year contributions will come from sites already underway such as Station Lane (Asfordby), Nottingham Road (Melton Mowbray), Great Lane (Frisby on the Wreake) and Melton Road (Waltham on the Wolds).
- (iii) Registered Provider led schemes are not being advanced to the extent previously seen, as a 1% cap on rent increases until 2021 continues to affect scheme viability.

In addition to the actions stated above, the report mentions some potential opportunities that need further exploration. These are: Modern Methods of Construction, Self/custom build register and Community led housing. They would have a positive effect on variety of housing supply rather than a significant effect on housing delivery overall.

#### Use of MBC Assets to deliver housing

The Council confirms its intention to contribute to the solution to the housing delivery situation in the Borough by using its own assets. A direct contribution from the Council can be encouraged by selling these assets. Alternatively, the assets can be used as investment capital to stimulate other projects, which results in an indirect contribution to deliver economic, and consequently, housing growth in the district.

Council owned assets can be drivers of housing provision and growth, particularly in sectors of the market where the market has been slow or unable to respond.

Actions:

- (I) Review of all Council owned assets to examine their optimum use
- Set up development company arrangement to operate in the private housing market
- Develop build programme of renewal and new Council housing to deliver better quality homes; Programme linked to Affordable Housing SPD which allows for commutes sums and off site solutions in certain circumstances

Finally, there is a summary of MBC future projection in terms of

- a) Housing supply, where we have enough flexibility, for now, to accommodate further requirement and to tackle a reasonable amount of sites lapsing.
- b) Housing delivery, where there is a positive projection in the immediate future but a medium-term concern, reason why it is important to implement the action plan.

Although this is a positive scenario for the next few years, we cannot ignore the fact that the Council will face a higher requirement during the 2021-26 period and much higher after than point, which is likely to have a negative impact, in terms of the Housing Delivery Test performance, from 2021 onwards. One of the reasons this Action Plan is identifying a number of challenges/issues and proposing a

wide range of actions is because of the likelihood of this negative mid-term trend. This is the reason the deliverability of the Sustainable Neighbourhoods is set as a key priority for the Council.

- 6.11 The **monitoring** section indicates the Planning Policy department responsibility to monitor actions stated in this document or to co-ordinate this with other departments.
- 6.12 The **consulting and publishing** section suggests constant engagement with stakeholders and an annual update of the Housing Delivery Action Plan as a proactive way to reduce the risk of under-delivery in the Borough
- 6.13 The last section, **relevant links**, provides quick access to evidence and other pieces of work relevant to this document. This is particularly important in graphic reports where the information provided is condensed.

## 7.0 Consultation and Feedback (including Scrutiny Committee)

- 7.1 Previous progress on the Housing Delivery Action Plan was presented to the Planning Policy Task Group in December 2018 and April 2019.
- 7.2 Elements of the report have been directly extracted from a number of stakeholder workshops (primarily one in December 2016 and another one in February 2019) related to housing delivery and associated issues in the Borough. Information extracted from the workshops was double checked with the attendees in order to amend potential errors. Developers, housebuilders, agents and registered providers of affordable housing were represented in both sessions; landowners and estate agents had representation in the first session.
- 7.3 Other elements have been indirectly informed by the Planning Service Review and preliminary findings from this exercise, which involved the participation of different stakeholders including agents, planning department staff, ward councillors and external consultees.
- 7.4 It is proposed to produce a Housing Delivery Action Plan on an annual basis, independently of whether the Council needs to produce it as a consequence of failing the Housing Delivery Test. The Council promotes a collaborative approach by encouraging feedback on the document at any time. This feedback will be considered in future versions of the Action Plan and workshops associated to it.

## 8.0 Next Steps

- 8.1 Once the decision gets ratified, the graphic report will be produced. This report will reproduce the content of the *text only version* and will add visual elements to make it a user-friendly paper for the final user and example of this can be found in Appendix 2.
- 8.2 The Housing Delivery Action Plan will be published on the Melton Local Plan website. The corporate website will redirect to this content.
- 8.3 The next Housing Delivery Test is expected to be published by MHCLG in November 2019. Although the Council is not expected to have a percentage below 95%, a publication of a new/updated Action Plan would be a good practice exercise. Adjusting the deadline to the November 2019 publication, the next

Action Plan should be published by May 2020.

8.4 Justifications to publish an Action Plan by the Council on an annual basis as a voluntary exercise regardless of the Housing Delivery Test can be summarized as follows:

- a) Shows a proactive attitude from the Council to tackle housing delivery issues;
- b) Graphic Action Plans will enhance the communication from the Council with residents and the transparency around housing delivery in the Borough;
- c) It will help the Council to build a strong evidence base to group schemes that are failing to deliver (e.g. certain size or certain locations);
- d) It will help to identify ongoing issues in the Borough that act as barriers to housing delivery;
- e) It will help to identify agents/developers/housebuilders that fail to provide accurate details (when possible) to inform our housing trajectory; and,
- f) It will be a complementary piece of information to the AMR for one of the most relevant matters associated to monitoring and policy performance

#### 9.0 **Financial Implications**

9.1 The cost associated to producing this Action Plan and undertaking the actions identified can be accommodated within the existing budget.

#### 10.0 **Legal and Governance Implications:**

10.1 None

#### 11.0 **Equality and Safeguarding Implications:**

11.1 None

#### 12.0 **Community Safety Implications:**

12.1 None

#### 13.0 **Other Implications**

13.1 Positive step to help support the achievement of the Council stated growth ambitions.

#### 14.0 **Risk & Mitigation:**

14.1 Failure to publish the Action Plan has unknown consequences at this stage. The Planning Advisory Service (PAS) mentioned that they can go from “*nothing-minor*” consequences for the Local Authority to “*considering the Local Plan out-of-date*” and the consequential presumption in favour of sustainable development. Failure to publish it would mean that there is a lack of guidance for incoming housing delivery strategies.

<b>L I K E L I H O O D</b>	<b>A</b>	<b>Very High</b>				
	<b>B</b>	<b>High</b>				
	<b>C</b>	<b>Significant</b>				
	<b>D</b>	<b>Low</b>				
	<b>E</b>	<b>Very Low</b>		<b>2,3</b>	<b>1</b>	
	<b>F</b>	<b>Almost Impossible</b>				
			<b>Negligible 1</b>	<b>Marginal 2</b>	<b>Critical 3</b>	<b>Catastrophic 4</b>
		<b>IMPACT</b>				

14.2

<b>Risk No</b>	<b>Risk Description</b>
<b>1</b>	Failure to publish the Action Plan has unknown consequences at this stage. Assuming the worst case scenario: Local Plan out of date and the presumption in favour of sustainable development would prevail.
<b>2</b>	Failure to publish the Action Plan has unknown consequences at this stage. Assuming minor consequences (e.g. negative publicity)
<b>3</b>	Failure to publish the Action Plan will leave a gap for future housing delivery strategies

**Background Papers:**

Not applicable

**Appendices**

Appendix 1 – Housing Delivery Action Plan (text version)  
 Appendix 2 – Example of graphic report proposed

**Report Timeline:****SLT Sign off: 13 June 2019****Previously Considered by Cabinet : No****Director Approval : 12 June 2019****Chief Finance Officer Sign Off 26<sup>th</sup> June 2019****Monitoring Officer Sign Off****Exempt Reports**

Not applicable

**Date of Review to make public**

Not applicable

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