
HOUSING WHITE PAPER AND LOCAL PLAN PROGRESS

**Responsible Cabinet Member – Councillor Chris McEwan,
Economy and Regeneration Portfolio**

Responsible Director – Ian Williams, Director of Economic Growth

SUMMARY REPORT

Purpose of the Report

1. This report provides an overview of the Government’s published Housing White Paper (HWP) and its implications for Darlington and in particular on the process for the Local Plan preparation.
2. The report also seeks Cabinet’s endorsement to make representations to the Tees Valley Combined Authority in support of an Expression of Interest for Forward Fund of the Housing Investment Fund to support the delivery of infrastructure.
3. The report seeks Cabinet approval and delegated authority to make applications for grant to the Marginal Viability Fund to support development proposals that might be accelerated or unblocked.

Summary

4. The Housing White Paper – Fixing Our Broken Housing Market - is intended to encourage the building of more homes to meet the needs of a growing population and tackle under supply from previous years. The interventions take the form of building capacity within the planning system, engaging communities, improving transparency and holding local authorities and developers responsible for implementing plans.
5. The HWP advised of proposed changes to the Objective Assessment of Need methodology for calculating housing need for plan preparation but the consultation on these changes has now been delayed and won’t commence until September 2017. The Government has however advised that Local Plan work should not stop and any plan submitted on or before the 31 March will be considered on the basis of the existing methodology. The Local Plan timetable is to submit for examination by the 31 March 2018 and the plan is therefore being prepared on this basis. Cabinet is asked to note and endorse this approach to production of the Local Plan.

Bids to Housing Infrastructure Fund

6. The Housing White Paper referenced a Housing Investment Fund to unblock housing developments. Applications to that fund have been invited with a deadline of the 28 September 2017. Cabinet is asked to endorse that officers make applications for both the Marginal Viability Fund and representations to the Tees Valley Combined Authority in relation to the Forward Fund.
7. The Government has launched the £2.3bn Housing Infrastructure Fund (HIF) with two funding strands:
 - (a) The first funding strand of HIF is called “Forward Funding”, which can only be applied for by Tees Valley Combined Authority (TVCA). Individual bids of up to £250m can be submitted for the installation of infrastructure(s) in order to unlock significant numbers of houses. TVCA are coordinating this who has asked for expressions of interest from all Tees Valley Local Authorities. Cabinet approval is sought for the Council to submit the North Darlington Extension (Skerningham to Greater Faverdale) as our proposed project.
 - (b) The second strand of HIF is called “Marginal Viability”. The Council can bid directly to this fund and can submit multiple bids up to £10m per bid. The fund targets sites that have demonstrable viability issues as a result of unmet infrastructure requirements. The Council must prioritise its bids. Officers are exploring three potential developments that might meet the selection criteria. The first priority is to accelerate the delivery of West Park Garden Village through the installation of highways and green infrastructure. The second priority is to support the installation of infrastructures required for Great Burdon. West Park Garden Village has been selected as the first priority as it better meets the funding criteria owing to it already having planning permission in place. For both projects, bids will be submitted at below the £10m bid ceiling.

Recommendations

8. It is recommended that :-
 - (a) Cabinet notes and endorses the timetable for the Local Plan preparation to Cabinet in January 2018, including the use of the existing methodology for calculating housing need.
 - (b) Cabinet agrees to the submission of an Expression of Interest to Tees Valley Combined Authority for Greater Faverdale and Skerningham Garden Village to the Forward Funding strand of the Housing Infrastructure Fund for up to £250m
 - (c) Cabinet agrees to the submission of applications to the Homes and Communities Agency to the Marginal Viability Funding strand of the Housing Infrastructure Fund and agrees that the final submission be delegated to the Director of Economic Growth having regard to the Homes and Communities Agency selection criteria.

Reasons

9. The recommendations are supported by the following reasons :-
- (a) To expedite the Local Plan process
 - (b) The Council has an opportunity to secure grant funding for infrastructures in order to support the acceleration of delivery of new housing at strategic locations within the Borough
 - (c) The Council has an opportunity to secure grant funding for infrastructures in order to support the acceleration of delivery of new housing at strategic locations within the Borough

Ian Williams, Director of Economic Growth

Background Papers

No background papers were used in the preparation of this report

John Anderson : Extension 6322

S17 Crime and Disorder	There are no direct crime and disorder considerations.
Health and Well Being	Health and wellbeing are key issues for the plan but there are no direct implications arising from this specific report.
Carbon Impact	Carbon impacts are key issues for the plan but there are no direct implications arising from this specific report.
Diversity	Diversity and inclusivity are key issues for the plan but there are no direct implications arising from this specific report.
Wards Affected	The Local Plan would affect all wards.
Groups Affected	The Local Plan will impact on all groups.
Budget and Policy Framework	The Local Plan is a strategic Strategy for the Council and any submission by the Council to the Secretary of State will need to be agreed by the Full Council.
Key Decision	No
Urgent Decision	No
One Darlington: Perfectly Placed	The Local Plan is the spatial expression of the Strategic Community Plan.
Efficiency	There are no direct implications on efficiency.
Impact on Looked After Children and Care Leavers	This report has no impact on Looked After Children or Care Leavers

MAIN REPORT

The Housing White Paper

10. In the HWP, the government sets out that Britain's housing market is broken, with insufficient homes being built to meet the needs of a growing population and tackle under supply from previous years. This is considered to be a result of local authorities not planning for the homes their areas need. For the first time, however, there is an acknowledgement that planning may not be the only cause of the under delivery and there is recognition that houses are being built too slowly and the construction industry being too reliant on a small number of big players.
11. The proposals in the HWP take the form of a series of 'offers' and 'asks' for various sections of the development industry, including local authorities, private developers, communities, housing associations, lenders and infrastructure providers. They include proposals for planning new homes in the right places, increasing the speed of housing delivery, diversifying the housing market and interventions to make housing more accessible in the short term.
12. The HWP acknowledges that the housing market is very different in different parts of the country; however, the proposals take a national approach to housing supply issues. In practise, the proposals will result in changes to how local authorities plan for housing, implemented through new legislation, regulations and changes to the National Planning Policy Framework and associated guidance. The HWP suggests that regional strategies and devolution deals will provide more local solutions where they are required.
13. The following paragraphs summarise the proposals which are likely to have the greatest impact on the planning process and the delivery of housing in Darlington, using the chapter headings set out in the HWP.
14. The full text Housing White Paper is available online at <https://www.gov.uk/government/publications/fixing-our-broken-housing-market>.
15. Members should note that where text is underlined below is an officer comment on its relevance to the Darlington Local Plan process

Getting Plans in Place

16. This section of the HWP will have significant implications for Darlington's Local Plan, both in terms of content and process. Proposals include:-
 - (a) Ensuring there is an up to date, sufficiently ambitious plan in place
 - (i) all areas must be covered by a plan with provision for DCLG intervention where this is not the case.
 - (ii) 5 year review cycle for Local Plans (previously 10 year was recommended).
 - (iii) Prepare a Statement of Common Ground with neighbouring authorities in addition to the Duty to Cooperate (subject to further consultation by

DCLG).

(b) Simplifying plan making and increasing transparency

- (i) No longer required to be a single plan – can be based on strategic issues. Not yet enacted and officers are continuing to produce a single plan.
- (ii) Combined authorities may produce plans to allocate strategic sites.
- (iii) Consultation and examination process – changing the tests of soundness to replace requirement for the ‘best plan’ with ‘an appropriate plan’. Officers are continuing to work to the existing test but welcome the proposed change.

(c) Assessing housing requirements

- (i) DCLG will consult on options for a standardised approach – will require justification to deviate (which Darlington currently relies on).
- (ii) Standard methodology to be used as a baseline by April 2018.
- (iii) Strengthened requirement to meet needs of particular groups, such as older people.

Members should note that the Secretary of State has now signalled that the consultation on OAN methodology will not be carried until September and probably not finalised until end of the year. In essence there is a high risk that there will be no firm new OAN guidance available by the time of the plan submission which is targeted for March 2018. In these circumstances officers have commissioned a refresh of the OAN to take account the latest ONS 2014 data sets but using the existing methodology. The Secretary of State has confirmed that where plans are submitted by the end March 2018 then they can rely on the exiting methodology. To meet this timetable Council would need to have considered the Local Plan Submission Documents in January 2018.

(d) Clarifying what land is available

- (i) Comprehensive land registry by 2030.
- (ii) Improving the availability of data about land and contractual arrangement through legislation.
- (iii) Brownfield land register by December 2017

Planning Homes in the Right Places

17. This section of the HWP seeks to locate new homes alongside economic growth, suggesting that some local authorities have avoided allocating sufficient development sites by supressing their calculation of housing need. Proposals include:

- (a) Maximising the use of suitable land in the Borough.
- (b) Great weight attached to the use of previously developed land within settlements and support for windfall and infill sites in all types of settlement – to

help them thrive and to provide affordable homes for local people.

- (c) Increased use of public sector land, £45m Land Release Fund, increasing powers for land assembly for development.
- (d) Emphasis on small sites – 10% of sites in plans to be <0.5 ha and design codes to give certainty to small developers.
- (e) Encouraging developers to subdivide large sites.
- (f) Strengthening neighbourhood planning by providing groups with a housing need figure for their area.
- (g) Local Plans to set out clear design expectations and recognise widely accepted design standards.
- (h) Encouraging higher density building and innovative land uses.

Building Homes Faster

18. These proposals seek to ensure that homes are delivered within the timescales expected, reducing delays and constraints as well as holding both developers and local authorities to account for non-delivery. The proposals include:

- (a) Enabling 5 year supply figures to be agreed for one year (so will not be contested for every planning application).
- (b) Increasing nationally set planning application fees by 20% to boost authority capacity and capability to deliver. This is delayed until the end of the year.
- (c) Consulting on a fee for making a planning appeal.
- (d) Targeting £2.3bn Housing Infrastructure Fund at the areas of greatest housing need. Members are referred to paragraphs 26 to 41 below.
- (e) Reviewing the system of Planning Obligations and Community Infrastructure Levy. The timetable for review is unclear and this could represent a significant risk to whole plan viability and delivery. In the meantime the plan is being developed having regard to the current S106 advice and guidance.
- (f) Requiring Local Plans to seek to maximise the potential capacity unlocked by new infrastructure.
- (g) Holding developers to account by giving LPAs tools to refuse applications where previous permissions have not been implemented, either on site or elsewhere by the same developer, to reduce the timeframes for implementation of permissions, and to force the build out of stalled sites.
- (h) Holding LPA's to account by introducing a 'housing delivery test', with failure leading to action planning, increasing land supply and reverting to the

presumption of sustainable development when determining planning applications.

Diversifying the Market

19. These proposals seek to diversify the housing market by encouraging innovation and competition. The proposals include:
- (a) Encouraging small and medium sized builders to enter the market with short term finance loans and longer term loans for infrastructure, and accelerated construction programme and support for custom build sites.
 - (b) Attracting institutional investment for Build for Rent properties.
 - (c) Supporting housing associations to build more.
 - (d) Encouraging Local Authorities to build affordable housing through accelerated construction and innovative delivery models.
 - (e) Will consider proposals for bespoke deals with Local Authorities in high demand areas.

Helping People Now

20. These proposals are intended to help households to access housing markets in the short term, before other proposals have taken effect. The proposals include:
- (a) Assistance for potential home owners including saving for a deposit, Help to Buy schemes, Starter Homes and extending 'right to buy' for housing association tenants.
 - (b) Assistance for tenants including encouraging the delivery of new affordable homes to rent and changes to legislation relating to tenants including promoting longer tenancies.
 - (c) Further guidance on meeting the needs of older and disabled people.

Commentary

21. Whilst the HWP was billed as a radical step change, both its thrust and detailed proposals are largely evolutionary rather than revolutionary. The government continues to be committed to a plan led system which links the delivery of new development with the provision of strategic and local infrastructure, but appears to be offering additional flexibility within that framework with a number of opportunities to seek funding or support for innovative ideas which boost housing delivery.
22. The vast majority of the proposals set out in the HWP focus on the availability of land on which to build and the ease of gaining permission for development to take place. Darlington had been experiencing a lull in housing delivery, despite a

significant supply of sites for housing development being identified (many of which have gained planning permission in recent years). That situation is improving through the work of the last two years where there is beginning to be a greater conversion rate in permissions granted to commencements. The delivery of housing is complex and is influenced not only by the planning system but also local demand and affordability issues, combined with the capacity and financial incentives in the development industry across the Tees Valley for those sites.

23. It is anticipated that the Housing and Employment Land Availability Assessment (HELAA) will be completed in October 2017 and this together with the revised OAN will establish the evidence for the Council's 5 year supply requirements and the overall housing requirement.
24. The favouring of 'marginal gains' over wholesale change is positive in terms of the stability of the planning system which has seen significant change over a 15 year period. However, each change will have impacts in Darlington and will need to be planned for and responded to. For example, the HWP promotes shared ownership products and starter homes which are unlikely to meet the needs of Darlington households (and future households) who are unable to meet their needs through the housing market. This may require the authority to take a different approach to this provision. Similarly, the emphasis on community engagement through neighbourhood planning and self and custom build will create new challenges.
25. The planned changes are likely to come into force or be subject to further consultation over a number of years, meaning that there is unlikely to be any certainty or an established approach on many of the issues raised in the foreseeable future. Briefings from the Planning Advisory Service have confirmed that Local Plans should not be delayed whilst further clarity is sought.

Housing Infrastructure Fund

26. The Government launched the £2.3bn Housing Infrastructure Fund (HIF) on 4th July 2017. HIF is part of the government's wider £23 billion National Productivity Investment Fund, which targets spending on areas critical to boosting productivity, including on housing, transport and digital communications.
27. The fund can be used to fund vital physical infrastructure projects like the building of roads, bridges, energy networks and other utilities, the absence of which continues to hold house building back. The funding can also be used to help build new schools, healthcare centers and digital infrastructure to accommodate growing communities and alleviate pressure on public services.
28. There are two strands of funding. The first strand of HIF is called the Forward Funding. Forward Funding is targeted at large sites with up to £250m available per site. The Council cannot directly apply to this fund. Applications can only be submitted by Upper Tier Authorities and Combined Authorities. A key feature of the fund is that it is a non-repayable grant; however any costs that can be recovered from developers or end-users should be re-invested within schemes that create more housing.

29. Tees Valley Combined Authority has issued an expression of interest form in order to capture high-level information on the possible Tees Valley sites. The Council is developing an EOI to cover the North Darlington Urban Extension which comprises land in Greater Faverdale and Skerningham Garden Village. It is understood that this will be a national bidding process with the government interested in both the scale of the ambition and the place making agenda. It is considered that the emerging Master Planning work will provide evidence for a strong case for the Tees Valley Combined Authority bid.
30. Members will note that this is an Expression of Interest at this stage and is considered not to be pre-judging the consideration by the Council of the land allocation options within the Local Plan process. Officers consider that the announcement of any grant award is likely to be after the consideration by Council of the Local Plan. Further if an award is made it would be initially on the basis of funding to demonstrate the viability and deliverability of the scheme. If the Council does choose to include land allocations for Greater Faverdale and or Skerningham Garden Village then this resource would be beneficial in demonstrating responses to key tests of the Local Plan at examination.
31. The Second strand of HIF is called Marginal Viability. The aim of the Marginal Viability scheme is to provide funding for infrastructure to unlock sites that either have planning permission or are allocated for housing in a Local Plan but have stalled or cannot be developed owing to an unmet infrastructure needs or lack of viability.
32. Councils are eligible to apply for up to £10m per site and can submit multiple applications. Councils have been instructed to rank their bids in order of priority and that HCA will initially only look at the top priority projects (i.e. one per LA).
33. Officers are exploring primarily three developments that have the potential to benefit from this grant and meet the criteria:
 - (a) West Park Garden Village/ Stag House Farm
 - (b) Great Burdon
 - (c) Neasham Road.
34. The bids are still in the process of development and any successful bid would need to demonstrate a genuine viability gap, evidence that the fund will unlock housing and a commitment to implementation in April 2018. It is anticipated that for these schemes a grant of between £2m and £5m will be submitted.
35. West Park Garden Village and Stag House Farm have been through the planning process and will receive planning permission subject to the completion of a Section 106 agreement. Members will be aware that in granting that permission the overall proposals were not viable and compromises were made on the S106 agreement including affordable housing. The installation of highways and green infrastructure at an earlier stage would secure the overall place making investment and deliver community benefits earlier making the development more attractive to the market.

36. Great Burdon is an allocation in the Local Plan for around 1,200 homes and has been subject to extensive discussions around viability. An application for planning permission is imminent and subject to the commitment to delivery it could make a strong case.
37. Neasham Road is not an allocation in the Local Plan but is a candidate for inclusion in the emerging plan and there is a "minded to grant" resolution on an application for 165 dwellings subject to the completion of a S106 legal agreement. Members have recently received a presentation for a scheme of some 600 dwellings and officers have encouraged the applicants and owners to accelerate their pre application discussions and evidence in order to consider the grant opportunity for critical infrastructure.
38. It is likely that any bid for these projects will be below the £10m bid ceiling.
39. Officers therefore seek approval to make applications for the Marginal Viability grants and as appropriate prioritise the applications based on the grant selection criteria.
40. As per the Forward Fund strand, any costs that are subsequently recovered from a developer / end-user must be recycled and applied to similar housing schemes
41. The process of application is single stage with a bid submission deadline of 28 September 2017

Next Steps

42. Key actions for the Planning Policy Team in relation to the Local Plan are:
 - (a) Refreshing the OAN using the existing methodology and taking account of the latest national data sets.
 - (b) Translating the housing need into a planned requirement taking into account the likely profile of supply to meet the 5 year housing supply requirements.
 - (c) Targeting the January Cabinet and Council in January 2018 for consideration of the Local Plan Submission documents to enable a March 2018 submission.
 - (d) Monitoring the progress of emerging proposals on S106 and planning obligations that might impact on delivery and viability issues.
 - (e) Establishing a Brownfield Land Register (December 2017).

Financial Implications

43. The Council has an opportunity to secure grant funding for infrastructure to support delivery of key housing sites within the Borough. Any grant would be non-repayable; however any subsequent recovery of the costs of the infrastructures, such as from developer contributions, will have to be used to deliver further infrastructure investment to accelerate the delivery of housing within the Borough.

44. The grant available for Forward Funding is up to £250,000,000 per scheme and for the marginal viability fund up to £10,000,000 per scheme.

Legal Implications

45. The Council will need to secure expert independent state aid advice for the proposed bids to the Housing Infrastructure Fund

Equalities Considerations

46. There are no direct equalities issues arising from this report.

Consultation

47. Landowners and developers have been advised on the Local Plan timetable and the opportunity for Housing Investment Fund applications. Officers are in liaison with the Homes and Community Agency and the Tees Valley Combined Authority in relation to the Housing Investment Fund. Those discussions are ongoing.