

Neighbourhoods Scrutiny Commission

24th February 2017



Report Title: *Housing Delivery Plan*

Ward: *All*

Strategic Director: Barra Mac Ruairi, Strategic Director for Place & Alison Comley, Strategic Director for Neighbourhoods

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Purpose of the report:

To advise Scrutiny on proposals being considered by Cabinet to approve a Housing Delivery Plan.

Recommendation for Scrutiny:

To consider and provide comments on the proposal going to Cabinet



The proposal:

There will be a presentation on the way the plan has been developed

1. Bristol City Council has developed a Housing Delivery Plan (Appendix 1), designed to be the overarching document for delivery of new homes in Bristol. It sits under the Housing Strategy. The Plan aims to increase planned development, especially of affordable housing; improve internal processes and to provide direction for external organisations and developers. For some time there has been a shared understanding that Bristol's housing delivery system needs to be improved. The Mayor's target of building 2,000 new homes – 800 affordable – per year by 2020 further increases the need to improve delivery systems.
2. In autumn 2016 workshops were held bringing together relevant staff across the council to explore housing issues and potential solutions. Findings from these workshops have been used to develop a number of recommendations for improving Bristol's approach to delivering new homes. These proposals have been shared with the Cllr Smith, the Mayor, SLT the Homes Board and key internal stakeholders and the Executive Board.
3. The next step was to take forward the recommendations, work plans for a multi-disciplinary team and future development plans, and bring together into a high level strategic plan that outlines Bristol's new approach to housing delivery, those plans are summarised below.
4. In summary Bristol's Housing Delivery Plan sets out:
 - The reasons for prioritising the enabling of housing development and committing resources to accelerating housing delivery; high demand for homes identified in the Joint Spatial Plan, high house prices and rent levels impacting on tenancies, deprivation and inequalities
 - The context for delivering homes in Bristol: a lack of large developable sites increases the reliance on smaller, more complex urban sites reducing the viability for developers of producing affordable homes; changes in finance arrangements with fewer grants available to build affordable homes and reduced revenue for Registered Providers (RP's) following caps on rents impacting on RP's business
 - The scale of the challenge: securing sufficient investment as delivering 2000 homes requires circa £435million per annum investment in Bristol's economy; supporting and enabling the delivery of new homes over numerous sites, liaising and negotiating with multiple delivery partners, stakeholders and communities will require significant resources, and effective collaboration
 - A whole system review was carried out that identified two types of change needed: Improvements to city-wide system to facilitate increased delivery of homes by other developers, and changes to Bristol City Council's internal development process to increase the council's delivery of new homes.

The delivery plan focusses on five key changes aimed at improving the housing delivery system and driving up delivery, some of which are already being progressed:

- a) Active management of one clear pipeline of all development sites
- b) Creation of a single, multi-disciplinary delivery team: better co-ordinate housing activity and wider functions to better enable provision
- c) Simplified strategic governance and decision-making: simplified governance pathway to effective decision making and better performance reporting (quarterly progress reports, information to be available publically)
- d) Interventions to remove barriers and accelerate delivery: the delivery team requires additional resources to carry out wider functions, including an increase in the enabling housing fund, funding to support the disposal of council sites with outline planning permission and increased direct delivery through the Local Housing Company
- e) Revised key policy and guidance documents: this over-arching document will be supported by a new policy framework – as well as the emerging Joint Spatial Plan and revised Local Plan – there will be a review and consultation on the development of a range of policy and guidance notes, affordable housing practice notes, tall buildings, community building, etc.

5. 17/18 Housing Delivery Programme & Resources

£14m has been allocated in the draft capital programme to be considered by Full Council on 21st February 2017 to deliver the 2017/18 housing delivery programme. This figure includes funding for set up of local housing company, grant funding to housing associations, work to undertake pre-development, specifically gaining outline planning consent on BCC owned sites and project management. There is also additional revenue to support an expansion of the new integrated Housing Delivery System

Consultation and scrutiny input:

15. In autumn 2015 a joint (Neighbourhoods and Place) Scrutiny Inquiry Day was held which recommended, amongst many other things, a wholesale review of the delivery system.

Bristol City Council's housing delivery plan 2017 - 2020

Contents

1. Introduction
2. Context
3. Understanding the scale of the challenge
4. Our new approach
 - a. Creation of a single, multi-disciplinary delivery team
 - b. Active management of Annual Housing Delivery programme
 - c. Simplified strategic governance and decision-making
 - d. Interventions to remove barriers and accelerate delivery
 - e. Revised key policy and guidance documents
5. 2017/18 Housing Delivery Programme and Resource allocation

1. Introduction

The Mayor of Bristol has set out the commitment of building 2,000 new homes – 800 affordable – a year by 2020. This commitment is also an objective of the Corporate Strategy 2017-2020. As well as the ambition for delivering additional homes, the Mayor also set out a number of principles relating to how additional homes should be delivered, which include:

- Working in partnership across the city to deliver this target
- Using a wide mix of measures to increase development
- Bringing empty properties back into use.

This Housing Delivery Plan sets out Bristol City Council's (the '**Council**') strategic approach to delivering new homes.

2. Context

Bristol is a prosperous city, but there is a considerable and growing housing challenge within the city.

The emerging West of England Joint Spatial Plan provides the framework for the delivery of up to 105,000 net additional homes, and identifies a need for 32,200 affordable homes between 2016 and 2036. The emerging target for Bristol is around 33,000 homes and the need for affordable homes in Bristol is projected to be 18,800 between 2016 and 2036.

There is a huge demand for new housing, houses prices and rents are high in Bristol and affordable housing developments have slowed from 365 in 2011/12 to 180 in 2015/16. There are substantial problems of deprivation in parts of Bristol and the neighbourhoods that do not share the city's prosperity often have insufficient housing of suitable tenure.

Recent legislative and housing policy changes have created further challenges for households struggling to manage housing costs. Welfare benefit reforms make housing costs increasingly, and for some groups almost completely unaffordable, so increasing risk of homelessness. In addition, lower and middle income households have found housing less affordable with rising private sector rents, credit restrictions for first time buyers and widening affordability ratios of house prices relative to income.

There is a high current and future demand for market and affordable housing in the city. Building new homes to keep pace with this demand will be a significant challenge. In particular, there are several factors restricting the supply of new affordable homes:

- A lack of large suitable sites in Bristol makes us reliant on the delivery of smaller sites, including the redevelopment of existing brownfield sites. Smaller more complex urban sites, without economies of scale, reduce the viability for developers in delivering affordable homes.
- Changes in finance arrangements with fewer grants (Homes & Communities Agency [HCA] for example) available to build new affordable homes.
- Reduced revenue for Registered Providers (RP's) following caps on rents impacting on RP's business plans and ability to develop.

- Stock retained Local Authorities revenue is further reduced with new responsibilities to sell high value homes to fund the extension in Right to Buy.

Despite the difficulties progress is being made with the development of new homes in Bristol:

- With planning permission, under construction: 202 affordable, 2,709 total (net)
- With planning permission, not started: 761 affordable, 5,968 total
- Planning permission subject to signing of Section 106 agreement: 137 affordable, 626 total

3. Understanding the scale of the challenge

This plan sets out the steps the Council is taking to increase and accelerate the delivery of new market and affordable homes in the city to meet the Mayoral Commitments and objectives of the Corporate Strategy.

The adopted Bristol Local Plan has allocated 226 hectares of land for mixed use housing development, which can accommodate over 8,000 new homes. The Council owns approximately half of this land, enough to accommodate just over 3,000 homes. The Council therefore has a significant role to play in increasing and accelerating the delivery of new homes in the City but it can't do it alone. The Council needs to work in partnership with land owners, developers, registered providers, local communities, community led housing organisations and the Homes and Community Agency to make it happen.

Over the last 5 years there has been an average 1,381 new homes completed per year, of which on average 12.2% or 169 per year, were affordable homes, delivered through section 106 agreements. A new approach is therefore necessary to increase the delivery rates to 2000 homes per year – 800 affordable by 2020.

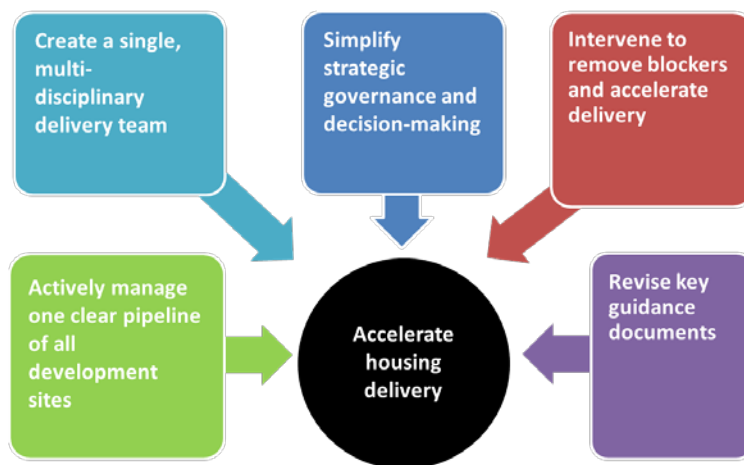
Trying to increase and accelerate the delivery of new market and affordable homes is fraught with complexities. The challenges we are likely to face along the way include:

- Securing sufficient investment: Delivering 2000 homes requires circa £435million per annum, investment in Bristol's economy
- Funding Affordable Homes: Increasing the delivery of affordable homes to rent and affordable homeownership by ensuring that the Council's funds lever in funds from the Homes and Communities Agency, Registered Providers, financial institutions and other funding sources.
- Partnership Working; Supporting and enabling the delivery of new homes over numerous sites, liaising and negotiating with multiple delivery partners, stakeholders and communities will require significant resources, and effective collaboration among stakeholders united behind a common goal.
- Site Conditions; The vast majority of sites within the City are complex urban sites which are likely to have a number of challenging site conditions which needs to be overcome to enable viable residential led development.

The Council is committed to accelerating the delivery of new homes, but fully acknowledges the scale of the challenge and that many barriers need to be overcome in order to deliver the Mayor's target.

4. Our new approach

The scale of the challenge means that incremental changes will not deliver change fast enough, or take us far enough. Therefore, a whole system review has been carried out; this document brings together a series of recommendations that create a strategic overview of the new approach to accelerate housing delivery in Bristol. The diagram below shows the key areas for change, more fully explored below:



The review identified two significant types of change are needed: improvements to city-wide systems to facilitate increased delivery of homes by developers; and changes to Bristol City Council's internal development process to accelerate the delivery of housing on Council owned land. Five key changes, by the Council, to improve the housing delivery system have been identified:

- a) Creation of a single, multi-disciplinary delivery team
- b) Active management of a single annual housing delivery programme
- c) Simplified strategic governance and decision-making
- d) Interventions to remove barriers and accelerate delivery
- e) Revised key policy and guidance documents

a) Creation of a single, multi-disciplinary delivery team

The proposal is to bring together all the different disciplines currently working on housing, plus other specialists, to create a single, multi-disciplinary delivery team ('**Housing Delivery Team**'). They will be responsible for working across the Council and with partners to deliver an annual housing delivery programme with performance targets. The team will lead the way in making the council's approach more dynamic and pro-active; bringing together existing and new functions:

Team role:	Responsible for:	Focusing on:
<ul style="list-style-type: none"> - Create and manage a single delivery pipeline - Take a more co-ordinated approach - Being market facing - Operate through a single capital programme - Be a single point of contact - Enabling staff with relevant skills to work together towards common goals 	<ul style="list-style-type: none"> - Oversee delivery of housing - Lead on Bristol City Council housing projects - Liaise with private developers - Administer grant funding - Lead on innovation, including working with community land trust, Self Builders 	<ul style="list-style-type: none"> - Policy and guidance - GIS and data management - Site viability - Land Assembly - Design Briefs - Direct Delivery

Additional funds have been allocated in the 2017/18 budget and the 5 year financial plan to increasing the capacity of the team and ensuring it has sufficient resources with the appropriate skills to deliver the housing delivery programme.

b) Active management of annual housing delivery programme

An annual housing delivery programme will be agreed with the Housing Delivery Board and Cabinet. The housing delivery programme will include the following delivery routes:

- **Market delivery:** through supporting, where necessary, the private development sector and secure affordable homes through s106.
- **Direct delivery:** Housing Revenue Account (HRA), existing and future programme of new build, and Local Housing Company.
- **Grant funding:** new arrangements for making grants available to registered providers to bring forward private land and other housing opportunities to significantly increase the supply of affordable housing in a cost effective manner.
- **Land release:** Bristol City Council land release to facilitate the development of mixed tenure residential led development.

A single housing delivery database will be created and actively managed by the Housing Delivery Team, which will map and monitor all public and private housing delivery sites within the City.

With limited resources the Housing Delivery Team will not be able to actively support all housing developments in the City. Therefore, a list of priority development sites will be identified and agreed with Cabinet annually. The Housing Delivery Team will prioritise its resource to support accelerating the delivery of housing on these priority sites.

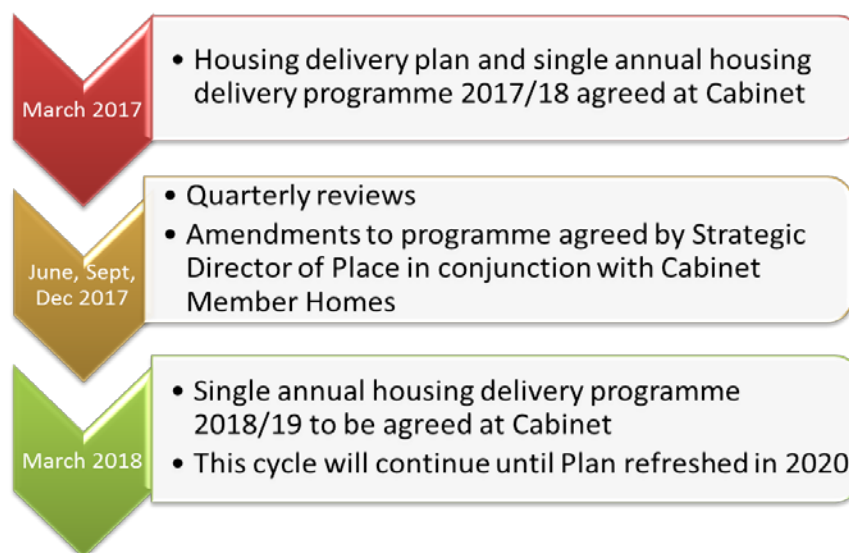
The Housing Delivery Team will also continually review a pipeline of future development sites to establish a viable development pipeline is established up until 2020. Sites may be brought forward into the priority development list, as other sites either move forward into delivery, or to manage slippage. The team will look to 'over-programme'; this means working on the development of more homes than committed to, on the assumption that some sites will be delayed or found unsuitable for development.

c) Simplified strategic governance and decision-making.

In order to provide oversight of the new single programme there will be a Housing Delivery Board put in place to monitor the delivery of the annual delivery programme.

Annually the Housing Delivery Board and Cabinet will be asked to approve the priority sites to be brought forward for development (criteria for prioritising sites are under development at the time of writing this plan). Quarterly progress reports will be presented to the Housing Delivery board, the Cabinet Member for Homes and Bristol Homes Board, an open board thereby ensuring reports are accessible.

Due to the complex nature of development, variations to the programme will need to be agreed within each year to manage slippage and respond to new development opportunities. Any changes to the annual delivery programme or priority site list will be agreed by the Strategic Director for Place in consultation with the Cabinet Member for Homes.



c) Interventions to remove barriers and accelerate delivery

There are many challenges and barriers that can slow down the development of new homes. One issue often raised is that developers do not have a single point of entry to the system and often receive conflicting messages about policy and priorities. The new single multi-disciplinary team and improved process and policies are designed to overcome these, and other, barriers and to create a more pro-active and coordinated approach within the city.

The team will work pro-actively to accelerate delivery by:

- Obtaining outline planning permission on Council owned sites: as part of the disposal process of Council owned residential land either outline planning permission or permission in principle will be obtained to mitigate risk, create certainty for the buyer and increase the value of the land to the Council.
- Exploring and supporting innovation: housing is not just delivered by volume builders and Councils so the team will work with community groups, self-builders, small and medium sized builders and community land trusts to unlock the potential of some of the smaller residential sites.
- Procure delivery partners: plan procurement routes to secure strategic delivery partners

e) Reviewing key policy and guidance document

To accelerate the delivery of homes and affordable homes, the importance of clear policies and guidance cannot be overestimated – they provide clarity and certainty in a market where such characteristics are critical to successful and swift development. The Council will review existing policy and guidance documents to ensure they support this, ensuring documents provide sufficient clarity and certainty for all developers whether it be the Council, housing providers and the development industry. During 2017/18 the following work will be carried out:

- Consult on a first draft of the Local Plan review
- Consult on the first draft of the Urban Living Supplementary Planning Document (including density)
- Affordable Housing Practice Note (including affordable definitions)
- Affordable housing funding policy
- Self-build/Custom Build guidance note
- Community led housing guidance note
- Transport Development Management Guide

6. 17/18 Housing Delivery Programme & Resources

£14m has been allocated in the draft capital programme to be considered by Full Council in February 2017 to deliver the 2017/18 housing delivery programme. The breakdown of this £14m is set out below:

Route	Resources	Other comments
Section 106	Assumed no cost	
Local Housing Company	£0.5m has been allocated to establish a Local Housing Company	For further information regarding the company please see the March Cabinet report
HRA direct development	Assumed to be funded within the Housing Revenue Account business plan	
Grant funding	£9m	New Affordable Housing Funding Policy and Procedure to be signed off by the Strategic Director Place and Cabinet Member for Homes and Communities in February 2017 and to be implemented in March 2017
Outline planning permission on BCC land	Pre-development costs: £3.7million in 2017/18	
Project costs	£0.857m	
Total	£14.057m	

In addition £600k of revenue investment in 2017/18 is proposed in the budget report also to be considered by Full Council in February 2017. These revenue resources will also be used to expand the capacity of the Housing Delivery team, which will be comprised of existing staff brought together into one team, supplemented with additional resources that will include: additional project managers and project officers, financial and legal support.