

DELIVERY OF HOMES IN MILTON KEYNES

Responsible Cabinet Member: Councillor Gifford (Cabinet member for Place)
Report Sponsor: Duncan Sharkey (Corporate Director - Place)
Author and contact: Brett Leahy (Head of Planning) Tel 01908 252609
Sarah Evans, Infrastructure Policy and Programme Manager, Tel: 01908 253326

Executive Summary:

Following the Housing White Paper and the certainty of direct Government intervention in Milton Keynes to increase housebuilding, this paper is to update Cabinet on the position regarding performance against the Government's Housing Delivery Test in Milton Keynes (MK), the analysis of delivery failure in MK and options that Milton Keynes Council (MKC) could consider to help increase and accelerate delivery of homes.

A range of options are recommended that would allow MKC to prioritise the development of new homes, proactively facilitate land assembly, use its own land to provide homes, and work with existing and new developer interests.

1. Recommendation(s)

- 1.1 That, given the scale of under delivery of homes in Milton Keynes and intervention from Government, it is recommended:
- (a) That a cross-party agreement be developed on the delivery of new homes.
 - (b) That a comprehensive 'Action Plan' be developed for MKC to increase and accelerate delivery of homes, which includes taking forward the other recommendations in Section 3 of this report.

2. Issues

- 2.1 Delivery of homes is a huge national problem affecting the economy, productivity, health and wellbeing. In February 2017 the Government published the Housing White Paper; 'Fixing Our Broken Housing Market'. Within the White Paper a Housing Delivery Test is proposed. MK has failed to match the projected delivery rates in the Local Plan, Core Strategy, and the annual Housing trajectory resulting in 'under delivery' from 2010 to date of more than 3,000 homes against that target (see **Annex**). This target already includes downwards adjustment of 10% of the projections MKC use, to mitigate against 'optimistic' projections. Against the new Delivery Test MK's delivery rate is at 74% - 26% below target. Within this there is a shortfall of 41% against the affordable housing target. The Government's thresholds for intervention on under delivery are 95% and 85%.

- 2.2 The scale of under delivery in MK will mean direct intervention in from Government. Whilst MKC is not responsible for all aspects of housing delivery, as the Council has fallen below 85% Government will expect an action plan, setting out the Council's understanding of the key reasons for the situation and the actions that MKC and other parties need to take to get home-building back on track, and maintain a 20% buffer (currently equivalent to around 2,400 homes) on the Council's 5 year housing land supply.
- 2.3 Further measures are proposed from November 2018 through to November 2020, where low levels of delivery would mean a presumption in favour of sustainable development as per the National Planning Policy Framework (paragraphs 14 and 49) would automatically apply, as the Local Plan would be considered as 'out of date'.

Planning for Housing Requirements

- 2.4 MKC can show it is planning for housing requirements and keeping that plan on track with the agreement of the Submission Plan:MK, achieved in just 12 weeks. The Plan provides a 9.4% buffer on the housing requirement, plus potential for up to 8,000 more homes east of the M1. Although the Government is consulting on a standardised way of calculating the requirement for homes, this new methodology is comfortably accommodated in the buffer already in Plan:MK.
- 2.5 MKC is currently preparing a new Housing Strategy and Action Plan to identify and support delivery of new homes that meet identified need in light of the key challenges in MK, and can take forward some of the options set out in this paper. It is also working on a Housing Revenue Account Business Plan for its own housing stock that will cover the repair/refurbishment of its existing stock and the scope for building new council homes.
- 2.6 A review of the Council's Affordable Housing Supplementary Planning Document (SPD) is underway to update the position specifically on the need for affordable homes.

5 Year Housing Land Supply

- 2.7 This is a more pressing concern for MKC. The Council considers it currently has a 5 year supply of deliverable sites (plus a 20% buffer), but this is being increasingly challenged through the planning process. An appeal decision central to this issue is awaited direct from the Secretary of State.

Reasons for Under Delivery

- 2.8 MK has a large number of planning consents granted – currently 16,035 homes have planning permission¹. Unimplemented planning consents is a national as well as a local issue. However the market in MK is dominated by a few key landowners and a handful of large house builders on a small amount of large sites. Information on site ownership, planning consents, and housing delivery rates are included in the **Annex**.

¹ 5,655 Full permissions and 10,380 outline

- 2.9 This shows that 60% of housing delivery over the last 7 years has come from 6 large, strategic sites (e.g. the Northern, Eastern and Western Expansion Areas, Oakgrove, Oakridge Park, and Newton Leys), and a further 20% from other large residential grid squares. The strong economy and land use pattern in MK means there has limited conversion of office accommodation to residential, bucking the national trend for conversion.
- 2.10 The delivery 'pipeline' for these large sites is long (up to 30 years on the largest sites), and has also been affected by the Council's own processes in relation to imposing planning conditions and negotiating Section 106 agreements.
- 2.11 Local parking standards also reduce the amount of homes that can be delivered on otherwise 'constraint free' sites and is often a 'deal breaker' (for both a developer and MKC) when it comes to negotiating individual schemes.

3. Options

- 3.1 The Council has a number of options it can identify to accelerate housing delivery:

- (a) Addressing unmet requirements through corporate prioritisation of housing delivery (Recommended)

- (i) To provide civic leadership and greater stability within the planning process MKC should build a strong culture at all levels to make the delivery of new homes a guiding principle in decision making. **A cross-party agreement on the importance of delivering new homes should be developed so that relevant Council Service Plans can be aligned to this.** This would include agreement to release more Council owned sites.
- (ii) **When negotiating on planning applications, delivery of homes should be prioritised over other obligations, meaning the prioritisation of affordable housing.** The Cabinet have already agreed to develop an Infrastructure Framework which will help the prioritisation of other requirements for developer contributions to infrastructure projects.
- (iii) **MKC should review the impact of current local parking standards on the delivery of homes,** and implications for the planning process.

- (b) Assembling Land - Compulsory Purchase (Recommended)

Compulsory Purchase (CP) powers have not been widely used by MKC before. However in order to demonstrate its commitment to helping deliver homes **MKC should develop a model to CP suitable sites** (such as sites in the 'Brown field Register') **and work with development partners to deliver these,** helping MKC identify/ maintain a 20% buffer to its 5 year housing land supply.

- (c) Leading Development - bringing forward small-medium sites for development (Recommended)
- (i) In the area there are a number of smaller land assets which are suitable for new homes and, critically, would help diversify the market by bringing smaller players in, addressing a key reason for current delivery failure. These sites are often much smaller in scale than those in the Submission version of PlanMK, which only formally allocates residential sites with a capacity of 10 homes or more. **The Council should explore models of delivery** (for example Community Land Trusts, co-living, self-build, and off-site construction) **with a number of different partners, designed to accelerate that delivery.** Some of these sites are in MKC ownership and would only be brought forward in partnership with local communities.
 - (ii) This aligns with the 2017 Autumn Statement by the Chancellor who announced plans to consult on a proposal expecting local authorities to bring forward 20% of their housing supply as small sites, in order to speed up delivery and diversify the market. Outside of Bletchley and Wolverton only about 5% of homes delivered in MK in the last 7 years has come from small urban and infill sites.
- (d) Take action to encourage site delivery – develop partnering and marketing strategies (Recommended)
- (i) There are opportunities to work across local authority boundaries and with Government departments and agencies to access funding in exchange for delivery of homes ‘at scale’. Oxfordshire have recently secured a Housing Deal with Government and **MKC should work with neighbouring authorities to explore similar opportunities and seek to establish closer working relations with relevant government departments and agencies.**
 - (ii) MK has a unique offer of high demand for homes, an ambitious growth programme, regeneration areas, and a range of sites in MKC’s ownership. Similar to the marketing and engagement undertaken on economic development (with InvestMK [IMK]), **MKC should develop a strategy to proactively market the city to potential development partners through a coordinated, corporate approach** (with Planning, IMK, MKDP, MKC Property Services, and YourMK).
 - (iii) The marketing should promote the significant potential in Central Milton Keynes (CMK) for residential development, which is in line with various emerging policies (PlanMK, MK 2050, Renaissance CMK). Future decision making should support these aspirations.
 - (iv) MKC also needs to work more closely with the key landowner and developer interests in the City to better understand delivery programmes, blockages to those programmes, and to hold

partners to account. **The Planning Service can use ‘Planning Performance Agreements’ to share information and help streamline its own processes** and use the existing officer ‘Growth Delivery Board’ to act corporately on delivery issues.

4. Implications

4.1 Policy

Housing delivery is one of the Council’s priorities in the Council Plan. It is also a nationally significant issue with far reaching implications. The Housing Delivery Test was proposed in the Housing White Paper and is proposed to be strengthened through consultation announced in the 2017 Autumn Statement. Delivery rates in MK have triggered the threshold for Government intervention and the need for an Action Plan.

4.2 Resources and Risk

Delivering more homes has a direct impact on services but this is planned growth, and currently the backlog in delivery of homes means there are already ‘households’ in existence, sharing homes and placing demands on services. Creation of new homes provides income to MKC in terms of Council Tax, New Homes Bonus, Council Tax and financial contributions to infrastructure.

MKC is currently forecast to spend £4.920m in 2017/18 on addressing homelessness and temporary accommodation costs, which the delivery of more homes, particularly affordable homes, will help to reduce.

Compulsory Purchase options will be a cost to the Council, although delivery models (such as a back to back arrangement with a development partner) can mitigate this. Any decision re: CPO would require Cabinet approval.

Conversely, the development of any Council land assets could provide a capital receipt and therefore some income to the MKC. Any disposals would need to be approved in the normal way.

MKC are currently defending a number of planning appeals centred around the Councils 5-year land supply. In the current financial year this is a cost to the Council of over £500k. The Action Plan proposed would mitigate against further liabilities.

With more development opportunities there may be some scope for a greater take up of ‘Planning Performance Agreements’ - a premium and paid for service that governs the process and timescales for dealing with applications.

Y	Capital	Y	Revenue	Y	Accommodation
N	IT	Y	Medium Term Plan	Y	Asset Management

4.3 Carbon and Energy Management

Relevant policies would apply to specific proposals for more homes as and when they are delivered.

4.4 Legal

Proposals in the Housing White Paper to simplify the CP process are aimed particularly at 'stalled' sites, of which there are only a few in MK. However given the under delivery issues, and the fact that CP is a power that the Council does have, MKC should more thoroughly assess the potential for accelerated delivery through this route.

4.5 Other Implications

Delivery of more affordable homes would assist those disadvantaged groups who are homeless or who cannot currently access a home of their own.

The general development strategy and planning principles that govern physical development are covered in planning policy, which has been subject to its own Sustainability Appraisal.

The right to housing, and in particular affordable housing is covered in Human Rights legislation. The proposals in this paper are aimed at the accelerating the delivery of planned homes, which has not kept pace with targets and demands.

Y	Equalities/Diversity	Y	Sustainability	Y	Human Rights
N	E-Government	N	Stakeholders	N	Crime and Disorder

Background Papers: Housing White Paper

Annex: Delivery of Homes in Milton Keynes - evidence and analysis of site delivery