

Overview and Scrutiny- House Building

6 March 2019

1. Introduction

This report has been prepared for the Overview and Scrutiny Committee. The Committee have asked for an overview of Nottingham City Council's house building, and planning policy in relation to encouraging house building. This report has been written in February 2019, and as such all figures quoted are a snapshot in time.

2. Housing Strategy Context

The Council's Housing Strategy 2018 to 2021, 'Quality Homes for All' was agreed in June 2018. This replaces the previous strategy, and sets the vision for all services and sectors involved in achieving housing delivery.

Its overall vision is that all of Nottingham's citizens should be able to access a good quality home, irrespective of whether it's owned or rented.

The strategy shows:

- How we will ensure that more much-needed homes are built in Nottingham
- How we will invest in the existing homes we have to ensure they are of good quality, and how we will raise standards in the private rented sector
- Our approach to meeting more specialist housing needs
- How we will deliver better health outcomes through housing
- How we will ensure that housing providers play their part in keeping our communities strong

The strategy is accessible here:

<https://www.nottinghamcity.gov.uk/housing/strategic-housing/the-citys-housing-strategy/>

3. Planning Policy Context

The National Planning Policy Framework (2018) sets the national policy context for housing provision. For housing, its main aim is "to significantly boost the supply of housing" with the aim of reaching 300,000 housing completions per year for England "by the mid 2020's"

Nottingham's share of the conurbation's housing provision is set out in the Aligned Core Strategy (Part 1 Local Plan) and is 17,150 between 2011 and 2028. However, due to the recession flowing from the 2008 crash, housing delivery was anticipated to be stepped over the period, ramping up as the housing market recovered. The figures include housing specifically for students.

The following table shows how delivery of housing compares to Core Strategy provision, and shows that housing delivery is slightly ahead of targets. Net completions have been impacted on by some significant demolitions in past years,

but no large scale future demolitions are planned, which should support net housing delivery.

Table 1 Housing Delivery in Nottingham 2011 to 2018

	2011 to 2018	2011 to 2012*	2012 to 2013*	2013 to 2014	2014 to 2015	2015 to 2016	2016 to 2017	2017 to 2018
Nottingham City Council (Core Strategy anticipated)	5,350	475	475	880	880	880	880	880
Nottingham City Council (actual)	6,020 (112.5%)	422	799	463	1,022	947	974	1,393

All figures are net of demolitions

In summary, 6,020 new homes have been delivered 2011 to 2018, leaving 11,130 to be delivered 2018 to 2028, which is approximately 1,391 per year. Given fewer demolitions, and a strong market for student housing, there is reasonable confidence that the Local Plan targets will be met.

The draft Part 2 Local Plan (Land and Planning Policies document) includes a number of policies which are aimed at ensuring that the housing mix provided by new development supports sustainable, mixed and balanced communities. To this end there are policies which:-

- Support the provision of family housing wherever appropriate.
- Encourage self and custom build housing
- Protect existing family homes from conversion to other uses
- Provide a strong policy framework for Houses in Multiple Occupation to support the Article 4 Direction
- Encourage provision of purpose built student accommodation in appropriate locations, eg on campus and in the City centre.
- Ensure homes are built to reasonable size standards
- Provide for a proportion of new homes to meet the needs of older or disabled citizens.

The Part 2 Local Plan is currently at examination, and should these policies be supported by the examining Planning Inspector, it is anticipated that they will be adopted in late 2019.

4. Student Housing

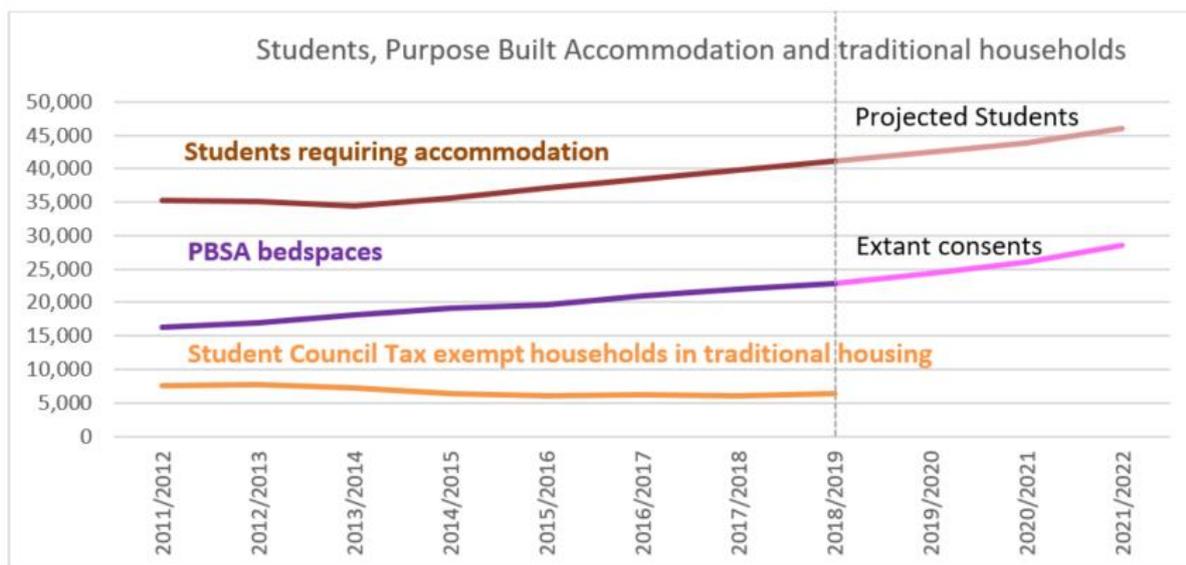
Purpose Built Student Accommodation (PBSA) completions contribute significantly to the overall housing completions identified above, and in recent years we have seen a growth in the student population, with 5,950 additional students who require accommodation within the City since the academic year 2014-15.

The City Council has a policy of encouraging PBSA in appropriate locations to provide students with good quality accommodation choices, and with the aim of

freeing shared housing for occupation by other households. There are now 22,750 PBSA bedspaces across the city (2018/19), and a pipeline supply of 5,800 additional PBSA bedspaces made up of extant and likely consents.

The City Council’s policy has resulted a 16% reduction in the number of students households living in traditional housing, but although PBSA bedspaces have increased significantly in recent years, it is not keeping pace with the increase in student numbers, and the number of students in traditional housing is now growing again. Further PBSA development will be required to ensure policy aims are met.

Table 2 PBSA in Nottingham



5. Council House Building Programme

Since the current new build programme began in 2013/14, 523 units have been completed, 44 are being built, and a further 72 have been approved with construction scheduled to start soon.

Completed	523
On site	44
In pipeline	72
Total	639

The total comprises 356 family houses, 113 bungalows, 134 independent living scheme flats for older people and 36 general purpose flats.

	Houses	Bungalows	Flats (ILS)	Flats (other)
Completed	298	113	90	22
On site	0	0	44	0
Pipeline	58	0	0	14
Total	356	113	134	36

The biggest developments have been on the sites of the Lenton high rise blocks (142 units), the Radford high rise blocks (52 units), the Cranwell Road flats in Strelley (48 units), the Meadows Q blocks (55 units) and the former Morley School on St. Ann's Well Road (39 units). Bungalow developments have been built on derelict sites in St. Ann's (Conway Close), Bestwood Park (Hazel Hill) and Aspley (Oakford Close). New Independent Living Schemes have been built in Lenton and on Strelley Road, and new Extra Care units are under construction at Woodthorpe and Winchester Courts in Sherwood. The former shopping precinct at Church Square in Lenton has been redeveloped for family houses. The remainder of the completed new units are distributed across smaller infill developments, often on former garage block sites.

The approved pipeline developments will be on the sites of the former shopping precinct and derelict pub site at Knights Close in Top Valley, the former Marlstones older people's home in Bulwell, the Clifton Miners' Welfare Club in the Meadows, and amenity land at Tunstall Drive in Basford.

NCC have also begun to pro-actively seek to acquire on site affordable housing units which are part of a Section 106 agreement. So far 10 units have been acquired this way at Chalfont Drive, 14 units at Martin's Reach, Wollaton have been acquired by NCH RP and 8 are currently being acquired at Sandfield Centre, Lenton. Pro-active attempts to acquire s106 units will continue.

In addition to new build provision, there is an ongoing acquisitions programme of second hand stock which is being undertaken as a quick and value for money way of replenishing Council housing stock. This is predominantly focussed on Estate based properties. A programme of c.35 is nearing completion, with an additional 320 acquisitions target over 2019/20-2023/24. Although this doesn't increase housing delivery as it not net gain, it does bolster the amount of affordable housing to meet housing demand.

The abolition of the Housing Revenue Account borrowing cap is a recent and welcomed policy, and means that NCC can continue to provide Council Housing.

6. Council Plan

In the Council Plan 2015-19, it was a key objective '*to build 2,500 homes that Nottingham people can afford to rent or buy between 2015-2019*'.

This pledge relates to homes that are affordable in the broader sense of being within the price range of a person earning an average wage level within Nottingham, rather than just official Affordable Housing products like social and affordable rent or shared ownership.

The figure includes units completed in the period and those that are currently on site, being delivered, but not complete by May 2019. Unlike for the Local Plan figures, student schemes are not included.

The figure therefore includes, Affordable and Social Rent homes via NCC/NCH, Affordable and Social Rent via RPs, Intermediate Affordable housing (like shared ownership and shared equity), and also Market Rent and Market Sale homes within certain brackets.

The current predicted number to be delivered or on site by May 2019 is 2,250. This is below previous predictions due to some delays to larger sites such as Eastglade in Bestwood.

Nevertheless, there are still possible changes to the figures based on private sector schemes currently in progress or which are expected to start soon. On many, we do not yet know the end price/rent of the units and so we cannot confirm that they are affordable for people on an average Nottingham income, and with some of the schemes it is still unclear if they will start on site by May 2019.

Although not included in the delivery figure, as they will not be on site by May 2019, the following schemes involve sites that are being actively progressed by the Council (through either direct development or disposal) and which will deliver further affordable homes.

Site	Additional homes	Effect on target (cumulative)
Padstow	+ 287	2537
Eastglade (remaining)	+ 65	2602
Melbury	+ 45	2647
Chingford	+140	2808
Meadows Police Station	+ 21	2821

Collectively this provides a further 558 homes on sites being progressed with the Council's involvement but which are not part of the total. Nevertheless, they form part of a wider narrative of NCC's housing delivery efforts.

7. Enabling and supporting housebuilding

Nottingham City Council is committed to delivering housing of all types and tenures, whether through the public or private sector.

Alongside the Council New Build Programme outlined above, significant work is carried out to enable private sector delivery.

Below is an overview of some of the enabling and facilitating work that NCC carries out, to meet private housing demand.

7.1 Blueprint- Joint Venture Partner

Blueprint is a regeneration development company with a good track record of delivery of high quality and eco-friendly homes. They were explicitly set up to instil change into areas, and bring regeneration benefits to the wider community.

In 2015 the City Council acquired 50% share in Blueprint and receive the profits from development to pay back the borrowing used to buy the company.

Alongside the Waterside neighbourhood outlined below, Blueprint are doing a new development at the Fruit Market, behind Victoria Leisure Centre. This is a group custom build development, the first of its kind supported by the Council.

There is also work at Trent Works and conversion of the former Mundella Centre, both in the Meadows.

7.2 Ambitious and aspirational housing

NCC has disposed of numerous sites to developers who build executive homes. Recent examples are the former Haywood School in Sherwood, and the former Beechwood Children's Home on Woodborough Road.

An example of more direct intervention is at Trent Basin, Colwick. NCC, with Blueprint, is creating a new neighbourhood. The City Council has invested in purchasing a development company, and assembling land at Trent Basin (in the Waterside Regeneration area). The aspiration is to transform a poor quality industrial area on the river front, into a sustainable, attractive and vibrant residential neighbourhood, which gives the economically active citizens of Nottingham to choice to remain within the City, rather than move to the surrounding suburbs.

Work commenced in 2015 to build Phase 1 (45 homes). The success of this, has led to Phase 2 (32 homes) nearing completion. Sales are promising. Phase 3 (c.30) has planning permission and will start in 2019.

This investment has given the private sector enough confidence in the area to bring forward residential developments. For example, after a long period of inactivity, Park Yacht Club is now being developed, with 84 units currently under construction. Pelham Homes (private sale arm of NCHA) are now progressing their development to the rear, on Trent Lane for a mixture of shared ownership and open market sale homes.

A Supplementary Planning Document has been developed and provides confidence to developers and landowners around the aspirations and requirements of the Council for the Waterside neighbourhood.

7.3 Working with Registered Providers

Nottingham City Homes is Nottingham City Council's ALMO. In 2017, a Registered Provider (RP) arm was established for NCH to own and manage stock in its own right. NCH RP is eligible to bid for grant funding from Homes England, and are another delivery route for housing. The final development project of 17 homes at Church Square, Lenton, was developed and owned by NCH RP, utilising Homes England Affordable Housing grant funding, with the rest funded by a loan from NCC.

NCC work closely with other RPs too, and try to enable and unlock development sites. When there is a clear viability gap in a business case for a project, NCC may provide grant assistance to get a site moving. The former Globe Pub and Radford Mill development was a partnership between NCHA and NCC, with NCC financially assisting with land acquisition and site assembly.

The NCC owned site at College Way, Bilborough, is currently being disposed of to NCHA for a 100% affordable housing site, for 45 units.

7.4 Land disposals to enable housing development

NCC have been proactive in securing residential use allocations in planning policy for many surplus assets. The sites have then been sold, often with the benefit of

outline planning permission, to private developers for housing schemes. The following are recent examples of this:

- The former Denewood Centre, Bilborough. This has recently been marketed, with joint owners Nottinghamshire County Council, for 100 homes. The disposal is in progress.
- The former Sandfield centre, in Lenton. This 95 unit scheme is being developed by Persimmon and is on site, with completions due from mid 2019.
- The Clifton West site is jointly owned with Nottingham Trent University. This is a large site for around 285 units. A planning application was submitted and was recommended for approval, but the decision was called in. Assuming the planning permission is granted, this site will be marketed immediately. The Council sees this site as crucial to meeting housing numbers and complementing the sustainable urban extension at Clifton.
- The former Springwood Day Centre, Mapperley. This 50 home scheme has been developed by Gleasons and all plots have sold.
- The former William Olds Community Centre site, Bestwood Park. This c.20 unit site is being disposed of currently.
- The former Bestwood Day Centre, Bestwood. This 48 unit scheme has completed and has sold well.

7.5 Procurement of private sector developers

Sometimes land will be disposed of as a simple land sale, and sometimes NCC will procure a private sector development partner to deliver specific benefits, rather than purely a capital receipt. A few recent examples of residential procurements include

- Stonebridge Estate, St Anns,
- Arkwright Walk, the Meadows
- Kingsthorpe, St Anns.

By doing a procurement the Council has enhanced control, over and above the usual planning control mechanisms. The Council can, for example, specify house sizes, specifications etc, or certain benefits to the wider community. This generally would have a negative effect on the capital receipt received, but meets wider Council aspirations.

7.6 New tenure provision

The private rented sector (PRS) is the fastest growing tenure in the UK, however in Nottingham there have been few institutionally owned and managed schemes, other than in the city centre for blocks of apartments. It is an ambition of NCC to introduce family housing PRS into neighbourhoods, and for this reason the land at the former Henry Mellish school, and the detached Piccadilly playing field, were sold to a developer for this tenure. A planning application will shortly be submitted and work should be starting on site for circa 100 homes at the end of 2019/start of 2020.

NCH have acquired a number of private new build schemes for this purpose, providing well managed, stable tenancies for people in this sector. Examples include, Arkwright Walk apartments and the new apartments on the Green Line site in Clifton.

7.7 Island site

The Island site is the biggest single regeneration site in Nottingham. NCC sees the development of the Island site as crucial to meeting the City's housing and economic ambitions.

The site had lain largely derelict for many years, and in order to promote its development the Council embarked on a process to compulsorily purchase the site, leading to the eventual sale to new owners. Part of this involved developing a Supplementary Planning Document to express the Council's spatial vision for the site. Following extensive discussions with the new owners, a planning application was submitted in summer 2018. Determination is due imminently.

The planning application exceeds the Council's quantum of housing in the SPD as more of the site is developable than was originally anticipated, and it is anticipated that the housing will be developed early on in the scheme in order to underpin the finances of the rest of the site, and begin place making.

7.8 Southern Gateway

There is currently a huge amount of development interest in the Southern Gateway area relating to the investment in this area. Investment includes the plans for the redevelopment of Broadmarsh (including the new bus station and Library relocation) together with the new college skills hub under construction, the development of the HMRC office hub at Unity square and the refurbishment of the station, Station Street and Carrington Street. On the back of this we have seen a number of new residential schemes in development or being proposed in this area such as PRS developments at the Former Hicking Pentecost (Phases 2 and 3), the former petrol station on London Road and Crocus Street.

This wave of new investment delivery will significantly contribute to new residential provision and City living opportunities.

7.9 Flexibility with s106

Where there is a clear viability issue with a housing development, NCC is willing to be flexible around insisting on Section 106 contributions. Although there is confirmed policy which sets out the level of contribution expected, there are many occasions where pragmatism and flexibility has been applied, in order to ensure housing delivery occurs. If a developer can prove, and have it confirmed by the Valuation Office, that the costs associated with the development are reasonable and proportionate, then if a development cannot stack up then the Council will forgo some or all of the s106 contribution.

7.10 Specialist Housing

NCC has been instrumental in the provision of specialist housing across the City. As outlined above, NCC have directly provided Independent Living Schemes such as Palmer Court and Strelley, and a new Extra Care facility at Woodthorpe and Winchester.

NCC have also supported and facilitated numerous RP new specialist schemes, either through land assembly support or commissioning agreements. For example, recent development include a scheme by NCHA in Rise Park for tenants with

Learning Difficulties, by ASRA at Robin Hoods Chase for an Independent Living Scheme and an ASRA Extra Care/ILS scheme at Albany House in St Anns.

8. Challenges

As outlined above, NCC is proactive and currently on track to meet housing delivery targets within the Local Plan.

However, there are still significant challenges and issues that face the Council.

8.1 Sites

There are several large development sites identified as suitable for residential development within the emerging Local Plan. However, the less problematic or constrained sites have, or will soon be, delivered. This means that NCC is increasingly dependent on Brownfield, difficult to deliver and expensive sites, and smaller infill sites to reach housing numbers. There are associated viability issues around delivering these sites, and a lack of appeal to the large scale builders, who cannot get economies of scale.

There are also very few sites which are NCC owned remaining. Landowners often have unrealistic expectations on land values, so often privately owned sites are mothballed. This can blight an area, and suppress development in the surrounding neighbourhood even further.

Despite having been the focus of much Council interest over the years, there are numerous sites which have yet to come forward for development. Some of the most prominent ones are Stanton Tip, Cussons, Bobbers Mill, Vernon Road and Prospect Place. There are various reasons for this, such as high levels of contamination, flood risk, land ownership fragmentation etc.

8.2 Homes England and Central Government Funding

There have been successful bids for affordable housing grants in the past, however Nottingham City have been disappointed over recent years in the level of Government support which has been channelled through Homes England. A bid for £5.4m was put in for Housing Infrastructure Funding to support the delivery of the former school sites in the north of Nottingham. Despite feedback stating that the bid was strong and there was clear evidence of need, the value for money formula which bids are assessed by in Whitehall meant that Nottingham was not awarded grant.

In another instance, in the recently published Social Rent funding, because the differential between average private rent weekly levels and affordable rent level was less than £50 (at £48) then Nottingham is not eligible to bid for grant to deliver affordable homes at social rent levels (rather than affordable rent).

This lack of central government support, coupled with the effect of austerity, mean that Council finances are somewhat constrained in realising housing delivery potential, particularly around the private sector offer. NCC is keen to establish a devolution deal (possibly part of the Metro- Partnership), mirroring other core cities, to ensure that funding can be channelled to places that need it most.

8.3 Brexit uncertainty

There is no doubt that the uncertainty around Brexit is having an impact on developer confidence around housing delivery. This is causing a slight softening on house prices, particularly in some of the subprime markets in Nottingham.

Developers have anecdotally reported on difficulties in securing institutional funding for private sale housing schemes, and many appear to be employing a 'wait and see' approach. The full impact of Brexit is yet to be established.