



**RTPI**

Royal Town Planning Institute

**RTPI  
Research  
Paper**

**JUNE 2019**

# **LOCAL AUTHORITY DIRECT DELIVERY OF HOUSING: 2019 CONTINUATION RESEARCH**

**Summary report**



[rtpi.org.uk](http://rtpi.org.uk)

Registered charity number: 262865  
Scottish registered charity number: SC 037841



## **The Royal Town Planning Institute (RTPI)**

**The RTPI champions the power of planning in creating prosperous places and vibrant communities. As learned society, we use our expertise and research to bring evidence and thought leadership to shape planning policies and thinking. As a professional body, we have over 25,000 members across all sectors, and are responsible for setting formal standards for planning practice and education.**

### **Report authors:**

**Professor Janice Morphet, Bartlett School of Planning, UCL**

**Dr Ben Clifford, Bartlett School of Planning, UCL**

### **Acknowledgements**

**The authors would like to acknowledge the funding of the RTPI for this research, and the support of their staff (particularly Tom Kenny). The direct survey was funded separately by GL Hearn. We are hugely grateful to all our roundtable attendees and interviewees for their time and willingness to participate in this research. The interpretation of all data is, of course, our own. Finally, we would also acknowledge our Research Advisory Group members for their time and advice. The group members were:**

**Sarah Davis, Chartered Institute of Housing**

**Mike De-Ath, HTA Design LLP, architect**

**Mike Kiely, Planning Officers Society**

**Ken Lee, Reeveswood Consulting, chair of CIPFA Housing Panel**

**Gilian Macinnes, Gilian Macinnes Associates**

**Tony Mulhall, RICS**

**Andrew Piatt, Gateley Plc, solicitor**

**Nick Porter, LGA**

*Front cover image: The Citrus Building by Bournemouth Development Company, used with permission from the former Bournemouth Borough Council*

# Introduction

This paper summarises research on local authority direct delivery of housing carried out between September 2018 - May 2019. It reports the headline findings from two surveys carried out in that period, as well as findings on the particular issues the research set out to explore through interviews and case studies. Finally it summarises the conclusions and recommendations that emerged from the research. The full report will be published in July 2019 along with a table of local authority activity. All publications relating to this project can be found at [www.rtpi.org.uk/lahousing](http://www.rtpi.org.uk/lahousing).

## What is the purpose of this research?

The pressure to provide housing in England is significant. Local authorities have been playing a part in its delivery through their responsibilities for the planning system. Increasingly, however, local authorities have become concerned that the type of housing brought through planning by developers has not met their full requirements for social, affordable, special needs and family housing. Alongside this, there has been an increase in no-fault evictions leading to more homelessness. Local authorities have also been squeezed financially across all services through a reduction and removal of the Revenue Support Grant and other austerity budget cuts.

As found in our 2017 research on local authority direct delivery of housing (funded by the National Planning Forum and RTPi), local authorities throughout England have started to engage directly across the whole of the housing delivery system. Each council has taken its own approach with a widening range of programmes and initiatives to deliver housing of all tenure types, appropriate to local needs. There are now more local authorities engaged in direct provision of housing than in 2017. This engagement is also leading many to manage all types of housing delivery through single Housing Delivery Teams, Housing Delivery Boards and Housing Delivery Forums.

In both their housing and homelessness reduction strategies, local authorities have identified a growing need for housing for social rent, good quality market rent, and housing for older people. Within the Government's current approach to housing policy and delivery at local level, including the provision of funding through Homes England, it is not easy to reconcile actual housing need with supply through the planning system. Instead, local authorities are taking a more interventionist approach across the spectrum of delivery of housing regardless of who is supplying it. They are also directly providing housing through a variety of means.

Through this continuation research, we sought to capture changes in local authority activity since our 2017 research. We were also interested to explore some issues not fully explored in our previous work. Finally, we wanted to explore further the relationship between housing delivery and planning. We explored these issues through:

- a direct survey of local authorities (an online questionnaire sent to all local authorities in England, with a request to complete);
- a desk survey of local authorities (online research as to publicly available information for all local authorities in England on their activity around housing delivery);
- A series of roundtables in each region (12 in total); and
- Case study interviews with individual local authorities that are reported here (13 in total)

Our background desk research identified a number of key issues to be explored through our roundtables and case studies.

# Key findings

## Findings from local authority surveys

There was a total of 184 responses to our direct survey, from officers working in 142 different local authorities in England. 69% of authorities reported they were directly engaged in delivering housing (a slight increase from the 65% in our 2017 survey). A desire to improve design quality had noticeably increased as a motivator to engage in housing development since our previous survey.

We found that 42% of authorities reported having a local housing company. 83% of authorities with a company had a wholly owned housing company whilst 34% of authorities with a company had a joint venture housing company (with 7% having both). For those authorities directly delivering housing, 95% are building on their own land, 44% are purchasing sites to develop, 42% are purchasing existing residential buildings, 17% are using land from the One Public Estate initiative and 13% are using other public land.

Survey respondents were asked, if their local authority was directly delivering housing, how many units had been delivered over the last year. 83 responses were received. From that we identified a combined total of 8,992 homes delivered by local authorities and their companies: 3,803 affordable (42%), 2,079 social (23%), 943 intermediate (10%), 1,428 for sale (16%) and 739 PRS (8%). For those who did respond, the mean average homes delivered was 99. The median average units delivered was 55. Assuming 69% of all authorities in England were delivering housing, and those delivering had each delivered 55 units last year, would suggest over 13,000 new homes delivered last year.

Our desk survey of all local authorities found 78% had a housing or property company (a wholly owned or joint venture company focussed on either, housing delivery and development, or acquiring property for investment or other purposes).

## Findings from interviews and case studies

This research explored 12 particular issues around local authority housebuilding. Our findings for each issue are summarised below.

### **Issue 1: How can planning help to deliver more social and affordable housing where the council has a Housing Revenue Account?**

- The existing local plan process will not provide the range of type of sites required to meet all local housing need, including social housing funded by the HRA;
- Delivery of housing by local authorities is best served by a whole council approach with political leadership;
- Establishing a housing delivery board that sets priorities and targets and monitors them on a regular basis throughout the year is essential to support housing delivery;
- Establishing a multiskilled housing delivery team can support housing delivery where it manages all housing sites and Local Plan delivery;
- Having a single point of contact for each and all housing sites provides a clearer way to manage delivery and allows the council to organize its own internal teams to meet delivery;



- Active management and monitoring are crucial to housing delivery to consider interventions or rescheduling year on year;
- Housing needs like fuel poverty, landlord issues and homelessness all have implications for the local housing market and should be included in Local Plan assessments;
- Over programming of housing delivery sites in the local plan supports more housing delivery and meets local plan requirements.

### **Issue 2: How are councils achieving housing delivery without an HRA?**

- Those local authorities without an HRA are not being held back from providing housing;
- Successful authorities recognise housing delivery as a key objective for the council as a whole, bringing together housing delivery objectives as part of the economic strategy and environmental objectives and using this to identify priority sites and delivery projects;
- Bringing together housing and planning within the council's organizational structure has been regarded as a critical component in improving delivery. This has been achieved through establishing a housing delivery team with a range of officers with housing, planning, property, development, legal, transport and financial skills;
- Not relying on a five-year land supply in the local plan to provide the housing required and extending the period of supply is helpful both for the local plan and housing delivery;
- Keeping all housing sites under constant review and active monitoring to support more housing delivery through interventions (if necessary) is a helpful approach;
- Establishing funding for intervention to support housing delivery is an important way in which the local authority can support delivery. This may be through infrastructure provision, land remediation or purchase or other support;
- Providing a delivery strategy for each housing site is a way to engage in its delivery and assess how quickly proposals can be implemented;
- Naming a specific officer as a point of contact for each housing site is a way of ensuring developers and landowners have a single way into the council and an officer who can be responsible for dealing with other parts of the council on that site;
- Where there are delays in delivery or where applicants make non-compliant planning applications, some authorities have found it effective to actively manage these sites out of the immediate site allocations as they threaten overall delivery;
- Using the council's own monitoring data and records of conversations on all housing sites provides evidence for engagement in housing delivery and the assessment of specific sites in the local plan examination;
- Regarding the local plan as a continuous mechanism, not taking an episodic approach is important to maintaining housing delivery;
- Direct intervention by the Council such as purchasing and converting properties into new homes can be a way of improving delivery (particularly to meet precise planning targets);
- Having access to a development surveyor who has had commercial experience and understands the wider market has been critical for both case study authorities; and
- Maintaining links and working relationships with surrounding authorities has provided to be an important feature of both plan making and delivery.

### **Issue 3: How are councils using their s106 pots to prime and deliver housing development?**

- S.106 is a useful means of providing affordable housing but will not provide enough to meet council (or indeed society's) needs;
- Having access to land for affordable housing is important and may be an issue when

considering the role and use of commuted contributions;

- Government housing subsidy is required to provide the number of affordable homes needed;
- The culture of negotiations on development contributions appears to be stuck in the economic downturn narrative of 2008 and needs to be re-cast to current expectations;
- Under the current planning framework and economic conditions, S.106 is not equally useful in providing affordable housing in all local authorities and in all locations across England. This is both in overall negotiation and the percentage that can be achieved on specific schemes;
- The skills to successfully negotiate with private developers over viability and S.106 contributions remain challenging for some local authorities to maintain;
- A number of authorities have successfully required contributions on sites smaller than 10 units, or considered 'tapered' contributions policies to avoid 'cliff edges' once a certain number of units are reached; and
- Affordable housing in s106 negotiations can be crowded out by other types of infrastructure requirements and councils need to remember it is their local decision as to what is most needed in the specific locality when requiring contributions as part of planning applications.

#### **Issue 4: what are councils doing to ensure that they are receiving clawback payments for the provision of additional housing following viability negotiations?**

- Having a review mechanism for overage/clawback in all S.106 agreements for housing delivery appears to be a sensible approach given the apparent propensity of applicants to wish to re-negotiate contributions downwards after receiving planning consent;
- Councils introducing clawback should take advice from councils with more experience;
- Councils can build in a review mechanism in case initial negotiations are not successful;
- Some local authorities are providing model clauses for review and these may be a useful starting point; and
- These mechanisms are being used in different parts of the country and even where overall market conditions may not be buoyant as most local housing markets have some higher priced locations and these review mechanisms are being used here.

#### **Issue 5: What are councils doing within their local plans to provide affordable housing?**

- All local authorities need affordable housing, and this appears always to be greater than the affordable housing that can be provided through the local planning system;
- The quality of much of the private rented stock is poor and needs addressing in local plans as it is a major contributor to housing supply;
- In the negotiation for contributions, affordable housing is being squeezed out by local authorities in their own negotiations and this needs to be recognised and addressed; and
- Having a single housing delivery team that focuses on all housing sites regardless of ownership appears to offer advantages in the delivery of affordable housing.

#### **Issue 6: What are councils doing to provide special needs housing for example for older people?**

- Provision of housing for older people by the private, public and third sectors is not adequate to provide for the changing and growing proportion of older people all over the country;
- Local authority housing and homelessness reduction strategies and joint strategic needs assessments/wellbeing strategies are demonstrating that the housing needs of older people in the affordable and social rent sector are significant;

- Older people living in owner occupied property cannot always maintain their homes as they do not have the financial resources to do so and may be in danger of fuel poverty and, in some locations, this is leading to their wish to move to council care accommodation;
- Within the current framework of regulation for private landlords, older people who have lived in private rented accommodation for long term period appear to be increasingly likely to have their tenancies terminated and become homeless;
- Local authorities' assessment of the range of housing needs of older people in their local plans does not usually seem to be adequate nor to match other local authority assessments;
- The approach adopted by Leeds City Council is an example of a process that can be followed to assess all types of housing need for older people and to identify shortfalls;
- Even where local authorities have housing policies for older people, there are normally no overall targets of dwellings to be provided and no specified mechanisms for delivery;
- Provision of housing for older people is primarily being made by local authorities and third sector providers on their land;
- Local authorities are providing housing for older people using their HRA or other mechanisms such as companies or direct development using powers of wellbeing. Some local authorities are jointly developing older people's housing to enhance provision;
- Where local authorities have transferred their housing stock to a registered provider, there are now numerous examples where that provider is no longer developing homes in that area and is no longer a source of new housing provision for special need groups;
- The local plan process set out in the revised NPPF has very little impact in the provision of affordable housing for older people. While indicating that their housing needs should be identified, the only mechanisms in the planning process to meet this need are residual and a by-product of market housing;
- The revised NPPF does not allow local authorities to allocate housing sites by type of need or tenure so that housing sites for older people's housing are not able to be allocated;
- There is an issue with the use classes order for older people's housing between the classification of development as C2 or C3 that needs to be resolved;
- We did not find evidence that housing for older people is being regularly negotiated on major sites even where there are policies that this should be occurring;
- Private sector house builders are not routinely providing housing for older people and local authorities cannot require lifetime home standards in all developments; and
- The delivery of older peoples housing in local plans does not seem to be monitored.

**Issue 7: How can local authorities obtain the best outcomes when they negotiate large housing developments or garden cities to meet a range of local needs?**

- It is important for local authorities to have good relationships with major landowners in their area given the length of time it is likely to take for the development to be delivered;
- Having landowner commitment to quality and placemaking may mean that relationships can be more flexible, although it will depend on what kind of agreements have been made in the planning application. There may also need to be a fall back review mechanism;
- On any major development it is important to have a Planning Performance Agreement (PPA) whether the authority is large or small as these developments require significant resources;
- Team continuity is important in successful delivery for both the council and the developer; and
- In order to manage housing delivery, reliance on major sites to deliver the required housing needed in the local plan may be a risk and other initiatives such as allocating more land than

required elsewhere may be a reasonable strategy.

### **Issue 8: What have local authorities learned using joint ventures and what do they regard as being the most successful arrangements?**

- In our desk survey, 57% of local authorities are in a JV (with a range of partners);
- Motivations of councils being within a JV varied from additional skills, funding or to share risk;
- While some local authorities preferred a JV to undertake housing delivery, for others this was one of the options that they used alongside others;
- Some local authorities adopted a JV on a site-by-site basis whereas others had a programme of development included within the JV;
- Some JVs had a target for delivery;
- JVs can be useful as they sit outside the council and can provide mechanisms for providing skills and additional staffing at times of austerity;
- Not all JV relationships are successful, and some local authorities have found that JV partners want to take a dominant role on the form of housing to be provided and may not always be policy compliant; and
- Some authorities have withdrawn from, or avoided, JVs because of concerns of conflicting priorities and objectives between different partners.

### **Issue 9: How are local authorities managing the planning processes when they are the developer?**

- When local authorities establish housing or development companies, they start with smaller schemes and gradually move to larger ones;
- The focus of local authority housing activity is mixed including generating income but increasingly focusing on delivering for special need groups and social rent;
- A number of councils are investigating delivering key worker housing for teachers and NHS staff who cannot find homes near their place of work;
- Meeting the needs of the homeless is rising up the local authority agenda for direct delivery of housing not least given their responsibilities under the Homelessness Reduction Act 2018;
- Where local authorities are the applicant, there can be raised expectations from the public about the influence they should be able to have over schemes;
- Local authorities may, like any applicants, have their own commercial sensitivities around putting information into the public domain, but a proactive approach to community engagement is likely to be expected and help prevent issues;
- As local authorities become engaged in larger schemes, they may increasingly find themselves as the applicant in more locally controversial developments. This will require careful management;
- Local authorities need to avoid any conflict between corporate priorities to deliver housing and their decision-making role as local planning authorities. Such conflict can be avoided by use of a PPA setting out expected timeframes and relationships; and
- Local authorities should (and usually do) submit policy compliant schemes where they are the developer so as to act as a model to private developers and to reinforce their plan policies.

### **Issue 10: The changing perception of quality as a motivation for local authority involvement**

- Standards matter in the design and delivery of housing and setting these in the Local Plan is important to manage developer expectations;



- Nationally described space standards should be included in Local Plans if local authorities are concerned about the internal quality of homes being built in their areas since space standards are often key to people's use and experience of housing;
- The adoption of a wider range of standards including for access, public and communal area, recycling, walking, cycling, access to specific services such as schools, health services, bus stops, green space, electric charging points all need to be included in the local plan if local authorities want placemaking as an outcome from planning applications. With adopted standards, planning applications can immediately demonstrate their conformity to them. Without them, then standards will always be a negotiation and there is no certainty that they will be provided; and
- Local authorities can act as models for the feasibility and positive impact of well designed, good quality housing through their own direct development of housing.

### **Issue 11: Relationships**

- Relationships matter both inside the council and with outside organizations to support housing delivery;
- A regularly-meeting housing delivery forum is an essential means of working with partners;
- Having a corporate focus on housing delivery within the council is important for success, particularly if this effectively brings together housing and planning strategies;
- Political leadership through the establishment of a housing delivery board provides a constant focus on housing delivery;
- Having a housing delivery team inside the council supports the provision of housing and enables the council to be constantly aware of the housing delivery progress. It enables the allocation of a named officer for each site and provides a focus for action; and
- Keeping common records on each housing site is a means of addressing the issues and dealing with mixed messages.

### **Issue 12: Small Sites**

- There is a need to know about all the land availability in a council's area and all land in the council's ownership and assess this for potential housing development;
- Even very small sites might be suitable for self-build;
- Small sites are usually built out more rapidly and can make a major contribution to housing delivery; and
- Small sites can have particular issues in relation to design, access and the impact on neighbouring properties which require close attention.

# Conclusions and Recommendations

## Key Conclusions

1. Relying on the private sector to progress applications through the planning system alone will not deliver against the full range of society's housing needs in a particular council area;
2. National Government policies for housing and planning seem to pull in different directions;
3. Each council will find its own way to provide housing, which is evidenced by the range and variety of methods now being used by a majority of councils. In our direct survey to local authorities, 69% of them reported they were directly delivering housing, whilst in our desk survey of local authorities were found that 78% had a housing or property company;
4. Making housing a corporate priority for a council usually leads to more activity;
5. Despite the welcome removal of the HRA debt cap, the HRA still restricts housing delivery;
6. Homes England's role in the provision of all housing types is unclear and would benefit from replicating approaches led by the Mayor of London who is funding Councils to provide social housing accompanied by skills support;
7. The relationships between local authorities and housing associations are increasingly variable;
8. Local economies, as supported by Local Industrial Strategies, need all types and tenures of housing to support their success and this needs to be reflected in Local Plans;
9. Viability negotiations and CIL are not providing the contributions expected or needed;
10. Local authorities need access to development surveyors;
11. Local plans should deliver on all housing needs and be found unsound if they fail to do so;
12. Concern about the quality of housing delivered by some private developers is widespread. Local plans should be standards based to address this and support placemaking;
13. Local plans must address existing stock and new housing to meet the climate emergency;
14. Care is needed to manage internal relationships within the council, and external relations with communities, when the council or their company is the applicant for planning permission; and
15. It takes time – the rise of council companies found in this research since January 2018 will take at least two years to start development and all local authority companies are starting small to learn from their experiences.

## Key Recommendations

As a result of our research findings, we make a series of recommendations to various stakeholders in housing delivery. The key recommendations are:

### HM Treasury

- Should allow local authorities to borrow against their assets and rent income in the same way as Registered Providers and the private sector.

### MHCLG

- Should revise the NPPF so that local plans will be found unsound if it is not clear how they will deliver against the different types of housing need identified;
- Should reform the method of Objectively Assessed Need (OAN) so that is compatible with housing need in the local authority area derived through the housing strategy, homelessness strategy and the Joint Strategic Needs Assessment/ Wellbeing strategy;

- Should recognise that the current approach to viability is not working as a test for the delivery of the range of homes required and is not fairly balanced to meet public provision;
- Should require local plans to systematically review the housing needs of older people, in their areas, identify shortfalls and include requirements to meet them;
- The Minister for Housing should provide Homes England with a national target for the provision of housing for older people and establish a funding and support programme to deliver it. This funding should be available to local authorities without an HRA;
- Should act to ensure that where older people have been private tenants for a long period, they be afforded some security of tenure;
- Should review the use classes order for housing and make applicable to the determination of each application and site for housing as for retail and employment uses;
- Should oblige all homes provided to be at lifetime homes standards;
- Should reverse the permitted development rights freedoms which currently allow new dwellings to be developed without planning permission, bringing such developments into full planning control with associated requirements and contributions;
- Should return the provision of public bodies to have first refusal of land being sold by other public bodies at public values;
- Should require monitoring of the delivery of different types of housing including for older people, families, students and PRS are included within annual monitoring reports;
- Should remove Right to Buy (RTB) as a policy for local authority housing. If RTB is not repealed they should allow local authorities to keep all RTB receipts to use to provide replacement housing;
- Should create specific funds for local authority affordable and social house building supported by skills funding as by the Mayor of London; and
- Should establish a funding subsidy programme through grants for local authority direct delivery of housing whether through the HRA or other mechanisms such as an RP or on the general fund.

### **Local Authorities**

- Should bring together housing and planning into a housing delivery team to manage the implementation of all housing schemes regardless of the promoter;
- Should establish a housing delivery board to monitor progress and delivery;
- Should establish a housing delivery forum of all providers in the area to meet regularly to discuss progress and problems;
- Should establish a housing intervention fund to help overcome issues on individual sites (funding can be made as a grant, a loan or in return for development equity);
- Should consider how housing provision can support the local economic objectives e.g. PRS for younger professionals and graduates moving to the area, housing for families to encourage them to remain in the area, key worker housing;
- Should assess all sites in council's ownership for the suitability for housing not just those held in HRA or in delivery portfolios; and
- Should include more detailed housing delivery outcomes in the annual monitoring report.

### **RTPI**

- Should produce practice advice for local authority planners on direct delivery of housing, with guidance on internal relations, negotiating contributions, and public engagement.



**RTPI**

Royal Town Planning Institute

**For more information about this research**

[rtpi.org.uk/lahousing](http://rtpi.org.uk/lahousing)

**RTPI - Royal Town Planning Institute**

[research@rtpi.org.uk](mailto:research@rtpi.org.uk)

**Report authors**

**Professor Janice Morphet and Dr Ben Clifford, Bartlett  
School of Planning, UCL**

*Back cover image: Bradpole council housing by Bournemouth Borough  
Council, used with permission from the former Bournemouth Borough Council*



Royal Town Planning Institute,  
41 Botolph Lane, London EC3R 8DL.

Registered Charity in England (262865) & Scotland (SC037841)

