

Report of Director of City Development**Report to Joint Plans Panel****Date: 29th November 2018****Subject: The Letwin Review**

Are specific electoral wards affected? If yes, name(s) of ward(s):	☐ Yes ☒ No
Are there implications for equality and diversity and cohesion and integration?	☐ Yes ☒ No
Is the decision eligible for call-in?	☐ Yes ☐ No
Does the report contain confidential or exempt information? If relevant, access to information procedure rule number: Appendix number:	☐ Yes ☒ No

Summary of main issues

1. The final report of the Independent Review of Build-Out-Rates, chaired by Rt Hon Sir Oliver Letwin MP, was published alongside the Budget on 29 October 2018.
2. Following the draft analysis in June 2018, the review went on to focus on large sites (defined as >1,500 dwellings) in the south of England. The report concludes on this element only.
3. The review found no evidence that speculative land banking is part of the business model for major house builders, nor that this is a driver of slow build out rates.
4. The review concluded that *“the homogeneity of the types and tenures of the homes on offer on these sites, and the limits on the rate at which the market will absorb such homogenous products ... are the fundamental drivers of the slow rate of build out”*. It suggests that greater differentiation in the types and tenures of housing delivered on large sites would increase the market absorption rates of new homes.
5. To achieve this, the Review recommends new planning rules for large sites that require developers to offer a variety of property types, and suggests local authorities have a more muscular role in home building with the creation of European-style development companies that use master planners to shape developments. The government will respond to the review in full in February 2019.

Recommendations

6. Members of Joint Plans Panel are recommended to note the contents of this report.

1. Purpose of this report

- 1.1 This report sets out the implications of the Letwin report for Leeds.

2. Background information

- 2.1 A review of build out rates was commissioned by the Chancellor of the Exchequer in autumn 2017. A group of independent experts chaired by Rt Hon Sir Oliver Letwin MP investigated the rate at which planning permissions are built out looking to “explain the significant gap between housing completions and the amount of land allocated or permissioned in areas of high housing demand and make recommendations for closing it”.
- 2.2 Members will be aware that this is a familiar situation in Leeds with the ratio of planning approvals to completions currently at 9:1 (based on the Housing Land Monitor Report, March 2018). It is illustrative that this appears to be a nationwide trend.
- 2.3 The Council has raised build out as an issue in its recent responses to Government (including, the Housing White Paper and Revised NPPF) as well as in its defence of a five year housing land supply. Volume house builders tell us that they will work to an average of around 30 dwellings per year per outlet, whereas the Council has consistently encouraged up to 50 dwellings per outlet (which is borne out through monitoring of build out rates on all sites over 50 dwellings in Leeds).
- 2.4 The Government is due to respond to the report in February 2019.

3. Main issues

Initial reaction / Implications for Leeds

- 3.1 Housing diversity includes housing of different type, size and style, design and tenure mix. It also includes housing sold or let to specific groups such as older peoples housing and student accommodation and plots sold for custom or self-build. These are all principles embedded into the Leeds Core Strategy and their implementation was discussed at Scrutiny Board “Housing Mix” 2016; where actions to increase the housing mix on individual sites have been implemented. The Letwin Report re-affirms the need for specific implementation and monitoring on this aspect of housing delivery.
- 3.2 Whilst the Report recognises that a range of site sizes is necessary to meet housing needs, it is disappointing that the additional planning powers and legislation being proposed in the Report relates solely to sites over 1,500 dwellings. Although the report does note that proposals for planning changes are only recommended to apply initially to large sites there is no impetus for whether and when this might be extended to sites below 1,500 dwellings. This clearly limits the scope of the recommendations on different parts of the country and different housing markets.
- 3.3 The Letwin Report recognises that *“if either the major house builders themselves, or others, were to offer much more housing of varying types, designs and tenures including a high proportion of affordable housing, and if more distinctive settings, landscapes and streetscapes were provided on the large sites, and if the resulting variety matched appropriately the differing desires and financial capacities of the*

people wanting to live in each particular area of high housing demand, then the overall absorption rates – and hence the overall build out rates – could be substantially accelerated". This links with the Government's launch of the "Building Better, Building Beautiful Commission" which will expand the debate on design quality and style and seeks to make the planning system work in support of better design and style, not against it.

- 3.4 The report will directly apply to the delivery of the East Leeds Extension. The Council is currently using all of its powers to ensure that the delivery of circa 4,500 homes is accelerated. The Council is delivering the major infrastructure, in the form of ELOR, to facilitate the delivery of the site, in addition to appointing AECOM to produce a Masterplan for the site, as well as technical due diligence work. This is in addition to the ELE SPD that was adopted by the Council in August 2018. Consideration now needs to be given as to what further forward planning work may need to take place as a result of the Letwin Report.
- 3.5 It is also suggested that officers, as part of the programme of planning briefs and masterplans for larger SAP sites, consider how the proposals in the report may relate to larger sites in Leeds and whether the site threshold will affect discussions with developers on these important implementation issues. Further consideration will need to be given as to how the powers suggested in the report (a) making government funding conditional upon S106 agreement that specifies a mix of housing types; (b) creating masterplans and design codes to promote a mix of uses and rapid build out rates, (c) statutory powers for councils to compulsory purchase large sites at ten times their existing use value and (d) parcelling up of sites to particular types of builders/providers offering housing of different types and different tenures.

4. Corporate considerations

4.1 Consultation and engagement

- 4.1.1 The Letwin Review was published in draft in June 2018 and comments from experts and stakeholders were taken into account in the final report published in October. The Government will need to consult on changes to planning policy or legislation in pursuance of most of the key recommendations. Leeds City Council will then have the opportunity to comment on the proposals.

4.2 Equality and diversity / cohesion and integration

- 4.2.1 A wider variety of housing types and improved housing delivery as recommended in the Letwin Review could help meet the housing needs of groups with protected characteristics and help promote community cohesion and integration.

4.3 Council policies and best council plan

- 4.3.1 The proposals of the Letwin Review for changes to Government policy would help the City Council to achieve delivery of housing in accordance with the Core Strategy and Best Council Plan.

4.4 Resources and value for money

- 4.4.1 No issues are raised by this report.

4.5 Legal implications, access to information, and call-in

4.5.1 No issues are raised by this report.

4.6 Risk management

4.6.1 No issues are raised by this report.

5. Conclusions

5.1 The central proposals of the Letwin Review to promote greater diversification of housing mix and improved design are welcomed as a means to improve delivery of housing. However, it is considered that the focus on large sites (above 1,500 units) should be extended to smaller sites too. The Council is already considering how the Letwin recommendations can be applied to sites in Leeds including the East Leeds Extension, and other large housing sites proposed in the Site Allocations Plan.

6. Recommendations

6.1 Members of Joint Plans Panel are recommended to note the contents of this report.

7. Background documents¹

7.1 None.

¹ The background documents listed in this section are available to download from the Council's website, unless they contain confidential or exempt information. The list of background documents does not include published works.