



Facing the Northern Land Challenge: Maximising delivery of affordable homes

Introduction

The Northern Housing Consortium has been commissioned by the Housing Corporation to undertake a project exploring means by which affordable housing delivery can be improved across the North through better management of our land resources.

The Consortium is considering how effective housing organisations in the North are in the release of land for affordable housing and we are keen to support members to overcome obstacles hindering progress and to promote innovation in the development of new models to support opportunities to bring forward land for development.

This paper is the first in a series of discussion papers to be published during the project timeframe. Our aim in these papers is to disseminate issues and early findings from the project, seek feedback and input from Consortium members and wider housing community into the project and ensure that the full breadth of issues you are facing in the delivery of affordable homes will be tackled through the project.

The project is due to complete in March 2009 with the publication of our Land Assembly Manual.

If you have any comments on this paper, or would like to have further involvement in the project please contact:

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Policy Context

In the Housing Green Paper “Homes for the future: more affordable, more sustainable”, the Government has signalled its desire to ramp up the delivery of new homes. Its target of delivering 240,000 new homes each year, a total of 3 million by 2020, is ambitious and part of the delivery solution will focus on land availability, release and cost. The Housing and Regeneration Bill announced in the Queen’s Speech on 7th November 2007 will support the delivery of these new homes by bringing together land and housing in the new Homes and Communities Agency. The Agency will make better use of public sector land and maximise the potential for brownfield development.

This paper seeks to explore some of the key challenges that may be inhibiting delivery of land. We are keen to seek views on these challenges, specifically to gain a better understanding of the extent of the issues described, and details on other challenges you may be experiencing.

Mapping land availability

One of the initial challenges is establishing exactly where the land is, how much land is available and who owns it, so that it can potentially be used to provide affordable housing. With the Government’s continued emphasis on the use of brownfield land, making best use of empty properties and surplus public land, we can begin to build up a picture of the North’s land resource.

The continued commitment in the green paper that over 60% of homes should be built on brownfield sites is of vital importance to providing more homes to meet growing demand.

The North has a great deal of brownfield land resource, with the three northern regions combined containing 38% of all of England’s previously-developed land that is unused or may be available for development. As a proportion of all their developed land, the three northern regions also have the highest percentages of brownfield land in England.

Previously-developed land as a proportion of all developed land, 2006

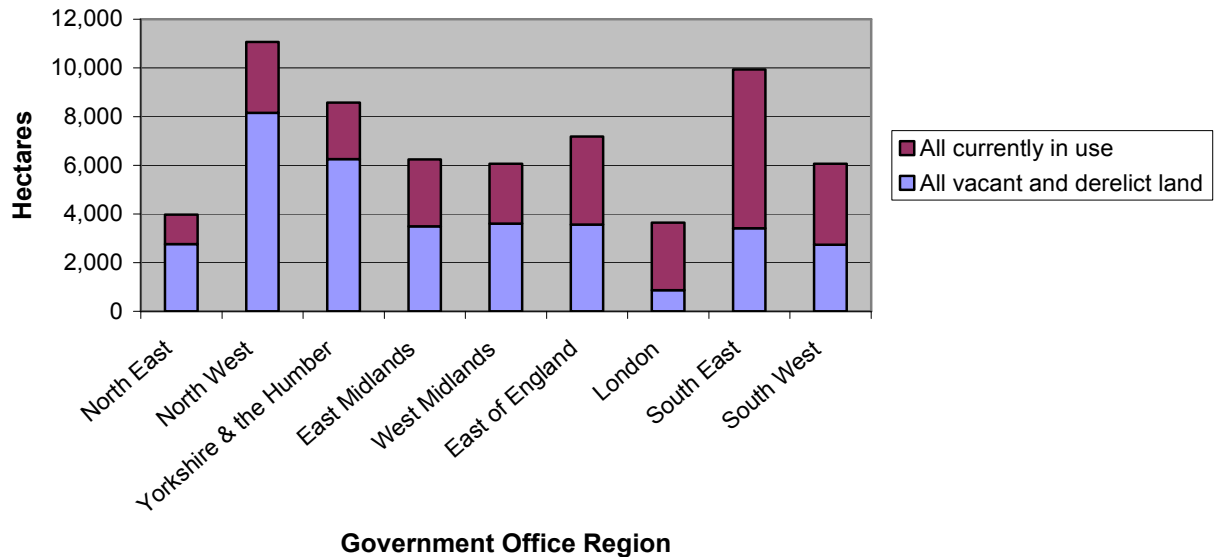
North East	6.6%
North West	6.9%
Yorkshire and the Humber	7.1%
East Midlands	6.2%
West Midlands	4.7%
East of England	5.3%
London	2.8%
South East	4.8%
South West	5.2%
England	5.4%

Source: Communities and Local Government

Notwithstanding this, there are distinct differences in brownfield land quantities between the three northern regions.

The North West region has the most previously-developed land in England and notably, the most vacant and derelict land. Yorkshire and the Humber has the third most previously-developed land and second most vacant and derelict land; whereas the North East region has the second least amount of previously-developed land, just ahead of London.

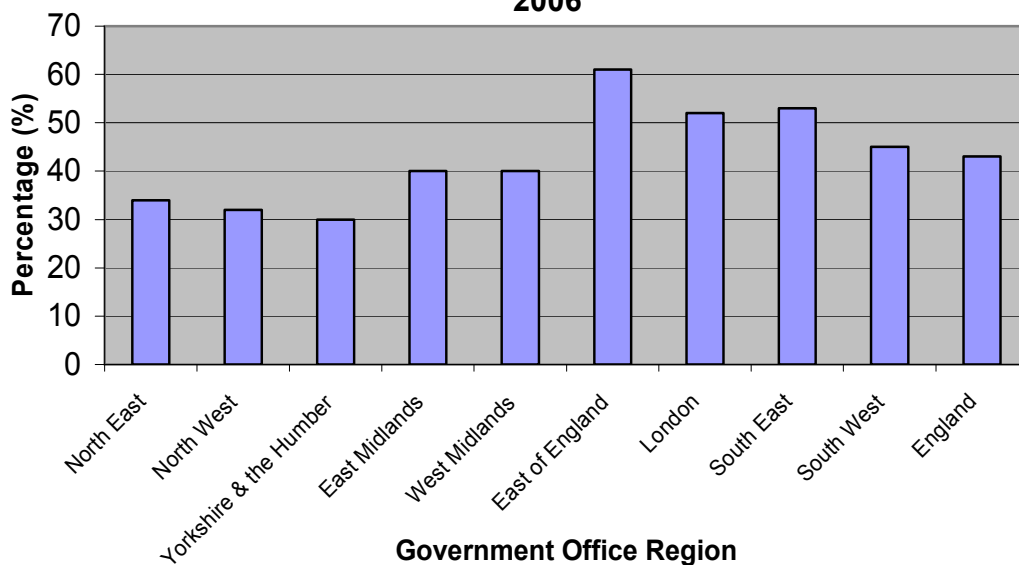
Previously-developed land by type and region, 2006



Source: Communities and Local Government

Nevertheless while the North may have high levels of brownfield land, not all brownfield land is suitable for housing. In actuality, the northern regions have the lowest amounts of available brownfield land that is suitable for housing in England.

Previously-developed land of which suitable for housing, 2006



Source: Communities and Local Government

This means that while the North West and Yorkshire and the Humber, in particular, have high levels of brownfield land available, the majority of this land will not play a part in meeting the green paper targets for affordable housing.

- Are there ways in which local authorities can trade land in order to acquire more brownfield land that is suitable for housing by swapping it for that which is unsuitable for housing?
- Are there ways of creating urban/ brownfield/ greenfield swaps? Has anyone done these or is anyone looking into these possibilities?

Planning allocations

Of the brownfield land in the North that is suitable for housing around a third in each region has no planning allocation or permission attached to it.

Previously-developed land that is suitable for housing by planning allocation or permission, 2006

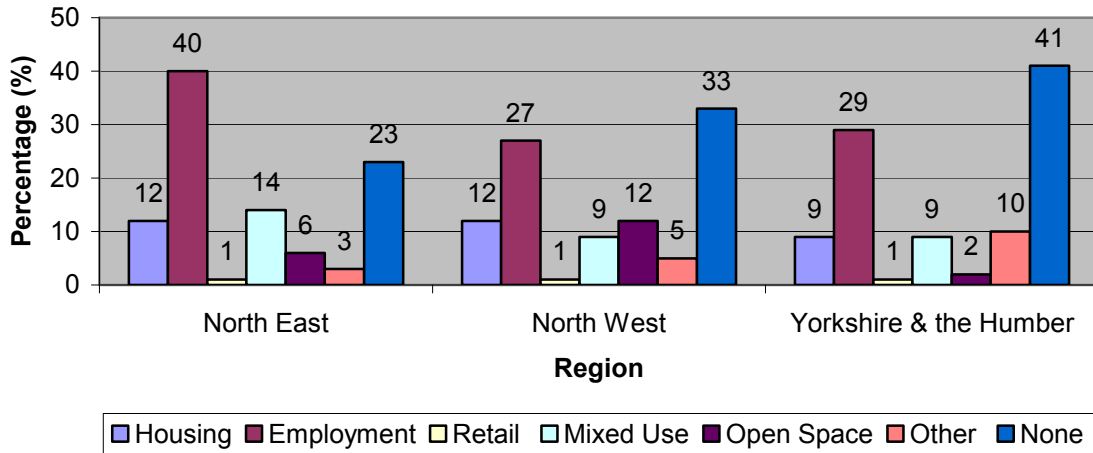
	No planning permission	Housing	Mixed Use	Other
North East	31%	34%	29%	6%
North West	33%	35%	21%	10%
Yorkshire & the Humber	35%	29%	19%	18%

Source: Communities and Local Government

Considering that the northern regions have the lowest levels of brownfield land that is suitable for housing, there is a real need to increase the number of planning allocations and permissions for house building on the land they do have that is suitable for housing.

This need becomes even greater when the planned use of brownfield land is examined by region. The three northern regions have some of the lowest amounts of brownfield land allocated for housing use in England and considerably higher amounts of land allocated for employment use or with no allocated use. Some of this employment usage is perhaps inappropriately designated and could potentially be used to provide affordable housing or for mixed uses.

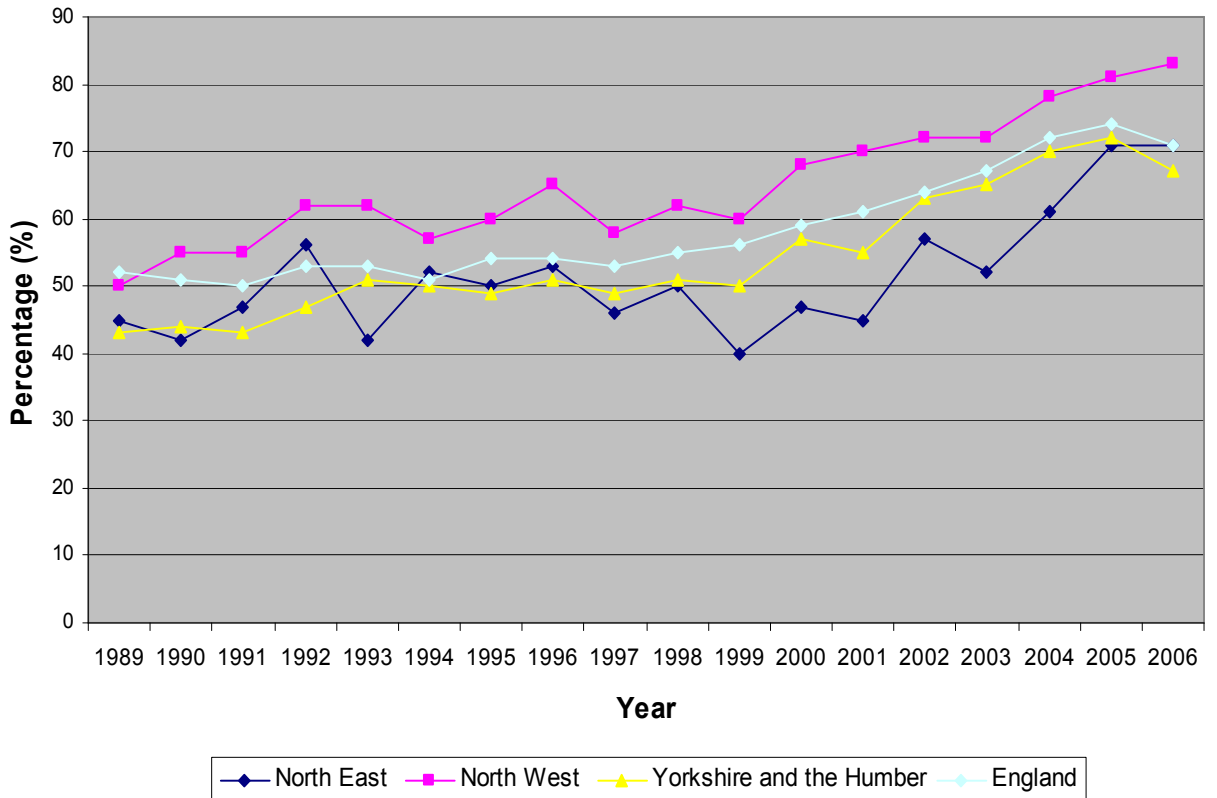
Previously-developed land by planned use, 2006



Source: Communities and Local Government

There is a real challenge for the northern regions to ensure that any land they have without a designated planning use and that is suitable for housing be made available and given planning permission for affordable housing use. The North has a strong track record in meeting its Regional Planning Guidance targets for building homes on brownfield land with each of the three northern regions exceeding the national 60% target in the last three years.

Proportion of new dwellings on previously developed land, 1989 to 2006



Source: Communities and Local Government

- Could land that is designated for employment use be re-examined to see if it is suitable for housing and then be re-designated for housing use?
- Is there a way in which planning applications could be “fast-tracked” if they meet or exceed certain affordable housing criteria that support a local authority’s strategic objectives?

Using Strategic Housing Land Availability Assessments

The use of Strategic Housing Land Availability Assessments (SHLAAs), to be undertaken by local planning authorities, will help to ensure that sites suitable for housing are brought forward. SHLAAs will provide the evidence base to support the delivery of sufficient land for housing to meet the need for more homes.

The assessment requires planning authorities to identify specific, deliverable sites over a 15 year period; with sites that are ready for development to be identified for the first 5 years and potentially developable sites to be identified for years 6 to 10 and ideally also for years 11 to 15. If local planning authorities succeed in identifying enough sites through their assessments they can benefit from the new Housing and Planning Delivery Grant (HPDG) as established in the housing green paper.

The HPDG is intended to reward those authorities that meet their agreed development timetables for new housing as set out in Planning Policy Statement 3 (PPS3) and who identify at least 5 years worth of sites ready for development with a further 10 years worth in plans as required from the SHLAAs.

The combination of the Strategic Housing Land Availability Assessment and the new HPDG puts a great deal of pressure on local authorities to source and make land available. In addition to this, those that are unable to identify enough land are liable to face sanctions under the HPDG.

- How are the Strategic Housing Land Availability Assessments working in practice? Are they proving to be manageable or are they requiring additional work? Have they helped to identify the levels of land required or have they flagged up issues about the long-term availability of land in your area?
- What about windfall sites? With PPS3 not permitting allowances for windfalls in the first 10 years of land supply, without robust evidence, what impact has this had on the ability to identify land for affordable housing? Does this differ between rural and urban areas?
- How do you feel the new Housing and Planning Delivery Grant will work in practice? Are there concerns that areas with greater levels of brownfield land will see the benefits from the Grant when areas with lower levels, who could use the Grant to source or buy more land, will lose out?

For the North West and Yorkshire and the Humber, identifying enough land should not prove too challenging as has already been seen they have plenty of brownfield land available. It will be more difficult for the North East however as a smaller region with less brownfield land and the new HPDG could prove detrimental to this region as it does not have the land availability from the outset. Each of the northern regions needs to be more proactive in finding ways to bring forward the brownfield land they have available that is suitable for housing, the pressure now is to use the information and tools available, such as SHLAAs, to identify and deliver the land for affordable housing.

The North East Assembly is working with One NorthEast, Government Office North East, the Home Builders Federation and local authorities to develop a common regional approach to undertaking SHLAAs. This aims to provide regional consistency of approach and in terms of the data used for the Assessment. It also proposes a universal approach to the involvement of key stakeholders, such as developers and estate agents. This is intended to make sure that there is a consistent experience and quality of approach across the region. It is hoped to test and roll out the process in the new year. It is also recognised that the process will evolve and feedback systems will help identify areas where improvements will be needed in the future.

Public sector surplus land

The green paper has given a revised target of 200,000 new homes to be delivered on surplus public sector land by 2016. However, the most recent details from English Partnerships from the Register of Surplus Public Sector Land (September 2007) indicate that the three northern regions collectively hold only a quarter of the registered surplus public sector land in England. Many of the sites in the North are also very small in area size, are often in quite remote areas and may not necessarily be able to support large affordable housing projects.

Land available in the North from the Register of Surplus Public Sector Land, September 2007

	Hectares	Percentage
North East	19.60	0.5%
Northumberland	11.46	
Co. Durham	6.81	
Tyne and Wear	5.91	
North West	358.90	9.9%
Cheshire	21.26	
Cumbria	84.83	
Greater Manchester	69.01	
Lancashire	174.98	
Merseyside	8.82	
Yorkshire and the Humber	512.98	14.1%
Humberside	13.71	
North Yorkshire	461.47	
South Yorkshire	13.58	
West Yorkshire	24.22	
Total for the North	891.48	24.5%
England	3639.63	100.0%

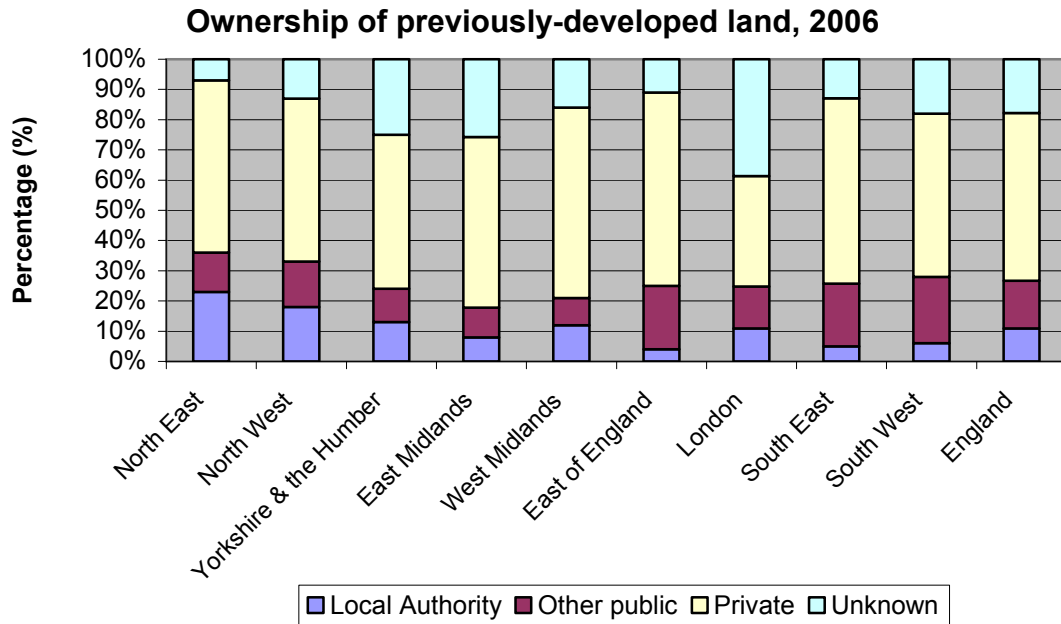
Source: English Partnerships

While at the moment the Register of Surplus Public Sector land does not provide a comprehensive picture of what land is available for redevelopment because it is not obligatory for all public sector bodies to place their sites on the register, only central government departments and their agencies, the Housing Green Paper now requires that all public sector sites including NHS Trusts place all of their sites on the Register.

Communities and Local Government (CLG) want to encourage local authorities to participate as users of the Register and place details of their unused or vacant sites on the Register before it is marketed so that it maximises exposure to potential buyers. They are looking into ways to incentivise local authority use of the Register so that there is no additional burden to bear. This way they will be able to provide a fuller picture of all available surplus land and ascertain whether such sites are suitable for meeting wider government objectives particularly those set under the Sustainable Communities Plan such as the provision of more affordable housing in areas of housing pressure.

Identifying ownership of land

Identifying who owns the available brownfield land poses a challenge in itself. Yet, in the North, in particular the North East and North West, we are fortunate enough to have lower levels of unknown ownership than other regions.



Source: Communities and Local Government

Yorkshire and the Humber however, have 25% of their brownfield land in unknown ownership. Hopefully SHLAAs will go some way towards identifying ownership of this land, but there needs to be a real effort made – by all northern regions – to identify ownership of all their brownfield land so that it may be made available for the provision of affordable housing.

As indicated previously, the northern regions have some of the lowest levels of surplus public sector land in England, especially when compared to the East of England and the South East regions. For all three northern regions, over half of their brownfield land is in private ownership. This means that there are significant challenges to be faced in terms of how the public sector can acquire this land in order to provide affordable housing and how to ensure that the private owner or developer uses this land in a way that assists in meeting affordable housing targets.

- What methods or tools are there for the public sector to acquire privately owned land for the provision of affordable housing? Can CPO be utilised better? Are there effective negotiation routes that can be used?
- Can the public sector land-bank like the private sector? How can an RSL compete against a private developer in doing this?
- Are more local authorities going to move towards setting higher affordable housing expectations from their Section 106 agreements? Northern authorities have had success with this in the past such as in Harrogate and the Golden Triangle area of North Yorkshire, and more recently urban areas like Manchester and Newcastle are placing greater affordable housing expectations on applications for new developments of more than 15 homes.

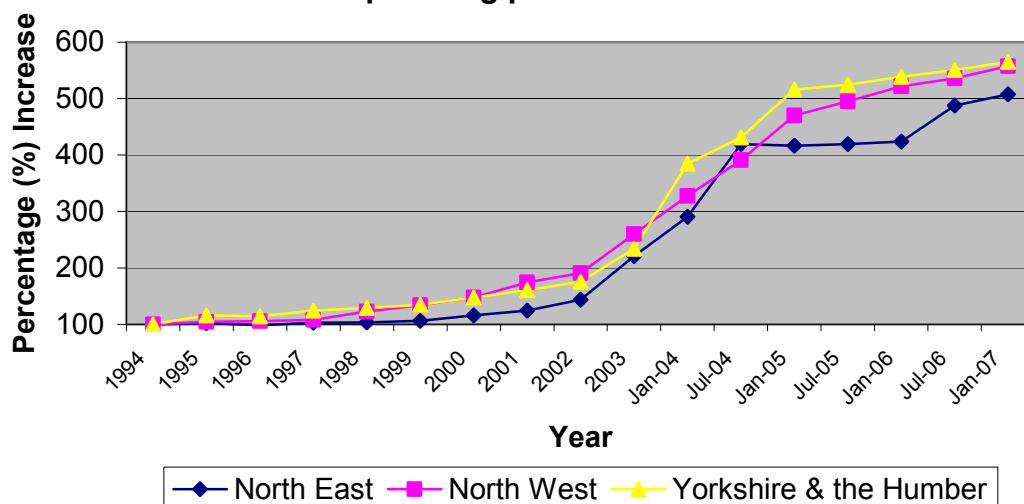
The three northern regions have the highest amounts of brownfield land owned by local authorities in England. Much like bringing forward privately owned land for affordable housing use, bringing forward local authority owned land is not without its challenges. There are very few financial incentives for local authorities to sell off their land at below market value to RSLs or housing associations for the provision of affordable housing. In the current local government climate of efficiency and value for money targets, some authorities are reluctant to sell land for a one-off financial return when they could sell it privately and make a profit.

- How can local authorities be incentivised to sell their brownfield land at below market rates so that it may be used for affordable housing? Can an aspect of overage be built in to the sale? Or equity release?
- Are there ways for local authorities to lease their land to developers in order to retain an income instead of selling the land for a one-off payment?

The cost of land

The value of land has risen enormously in the last decade. The average valuation of land across England has risen by over 500% since 1994 and the North has experienced some of the highest increases in land value out of all regions.

Increase in average value of residential building land with outline planning permission since 1994



Source: Communities and Local Government

The cost of land can prove to be a substantial obstacle in the way of bringing forward land for the delivery of affordable housing especially when the average price per hectare is considered for sites of varying sizes.

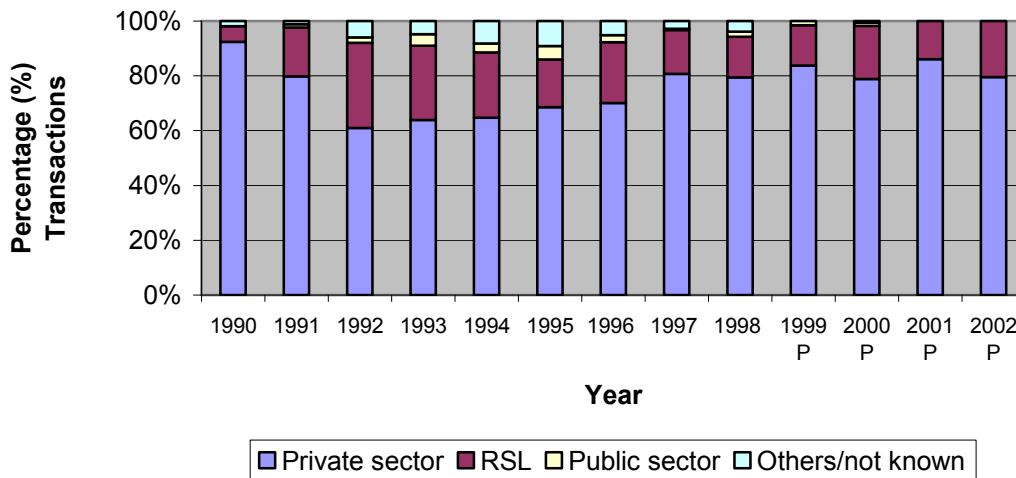
Value of land for residential development as at 1 July 2007

Region	Small Sites (sites less than 5 houses)	Bulk Land (sites in excess of 2 ha)	Sites for flats or maisonettes
	£s per ha	£s per ha	£s per ha
North East	2,840,000	2,590,000	3,110,000
North West	2,970,000	2,880,000	3,350,000
Merseyside	1,250,000	1,220,000	1,340,000
Yorkshire & the Humber	2,940,000	2,550,000	3,060,000

Source: Valuation Office Agency

Due to the high cost of land it is not surprising that the vast majority of land transactions are purchased by the private sector. The number of transactions of land purchased by RSLs and the public sector has been decreasing in the northern regions and this can partly be attributed to the rising cost of land.

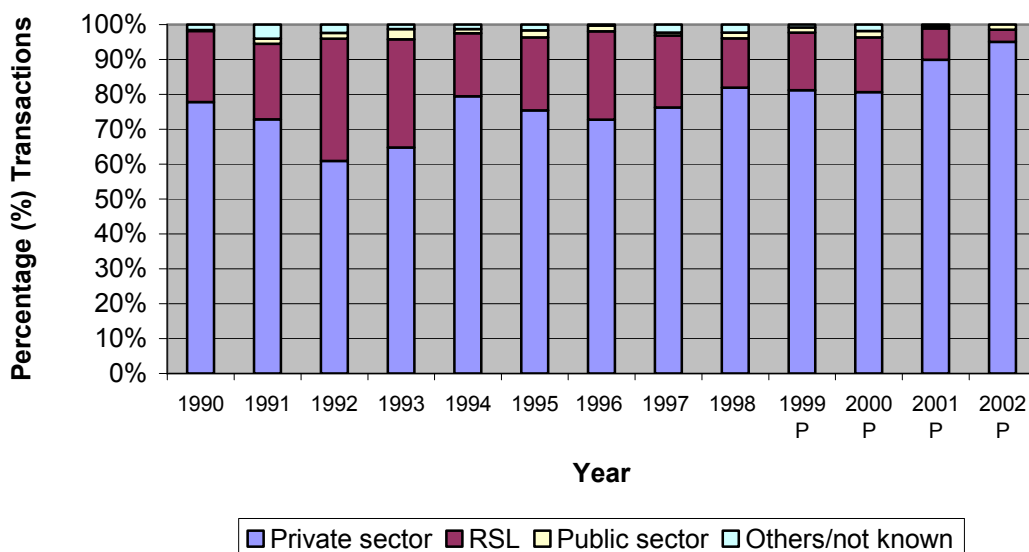
Market share of land transactions in the North East by sector



Source: Communities and Local Government

P = Provisional Data

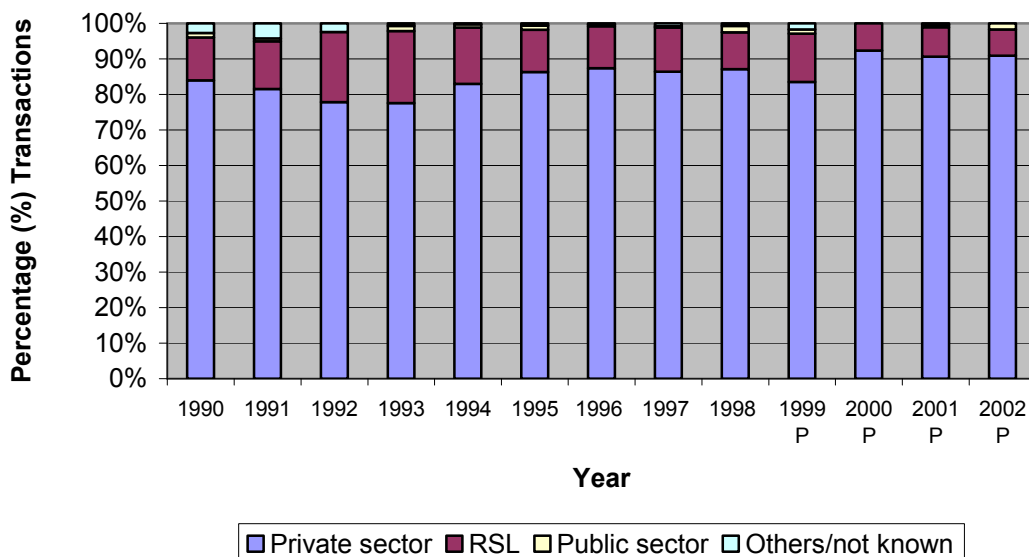
Market share of land transactions in the North West by sector



Source: Communities and Local Government

P = Provisional Data

Market share of land transactions in Yorkshire and the Humber by sector



Source: Communities and Local Government

P = Provisional Data

With the private sector dominating the purchase of land, and in many areas the public and social housing sectors unable to afford to purchase land, the challenge of working closely in partnership with the private sector in order to gain use of their land for the provision of affordable housing is one that needs to be met urgently.

The valuation of land to be used for affordable housing poses another challenge. Persuading the private sector, and sometimes even the public sector, to sell their land for lower than the market value, in order to provide affordable housing on it, can be a very difficult and involved process.

- How can the value of land be calculated so that private (and public) owners can be motivated to provide it for the provision of affordable housing? There is a forthcoming Local Government Association toolkit that should help with this.

Remediation costs

Our long industrial history in the North has resulted in a substantial legacy of land contamination. Throughout the UK, there are thousands of sites that have been contaminated by previous use associated with industrial processes or activities that have now ceased, but where waste products or remaining residues present a hazard to the general environment.

The exact amount of contaminated brownfield land is unknown because sites are often not identified as contaminated until planning permission is sought. However, there were 890 determinations of contaminated land between 2000/01 and 2006/07 (Defra).

With the Government's strong emphasis on the preservation of the green belt and the use of brownfield land for residential purposes, developers will need to focus on the use of the thousands of derelict sites, many of which had former industrial uses and are heavily contaminated. The benefits of redeveloping brownfield land are obvious but the long-term liabilities associated with contaminated land can greatly impact the financial risks of such developments.

- Have remediation costs had an adverse impact on the bringing forward of brownfield land for the delivery of affordable housing? Are there ways in which remediation costs can be met without affecting the delivery of housing?

At the Budget 2007 the Government published a consultation document entitled "Tax incentives for development of brownfield land". This consultation concerned the future form of the tax relief to assist with the decontamination of land and to encourage development of long-term derelict sites. The consultation discussed proposals for reform in five areas: long-term derelict land, improving the development focus of land remediation relief, speed and certainty of land remediation relief, Japanese Knotweed, and the landfill tax exemption for waste from contaminated land.

The Government will publish its response to the consultation by the end of 2007 and remains committed to reform and to making a further announcement at the Budget 2008. The Government also reaffirms its commitment that the overall support for remediation of hard to remediate sites through the tax system should not be less after reform than it is at present.

Conclusion

The challenges for the North that are inhibiting the delivery of land for affordable housing are numerous. In the North we understand that we do not have a great track record in delivery; but we also know that we have great successes, skills and experience in many areas that can help to transform this reputation if we use them effectively.

By gaining a fuller understanding of what land is actually available and in whose hands it lies, making best use of the tools at our disposal and the processes in place, and working in co-operation with a range of partners to achieve real outcomes, the North can hope to better manage its land resources and greatly improve its affordable housing delivery.

We would like to hear from Members and others about their experiences in the delivery of land. The questions highlighted throughout this paper are intended to kick start the debate. We would like to invite responses to these questions, providing information or examples where relevant, as well as raising any other issues they feel are important to the overall land project.

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