

Economic and Environmental Wellbeing
Scrutiny and Policy Development
Committee

Sheffield City Council

Task Group Report:

Private Sector House Building

Introduction

Increasing the number of homes in the city is critical to achieving economic growth. The Sheffield City Region Growth Plan sets out an ambition to create 70,000 new private sector jobs. This has significant implications for housing growth. We know from the Strategic Housing Market Assessment that Sheffield requires between 1,975 and 2,425 new homes per year. Our work as a Task Group was to scrutinise the Council's policies and practices to assess whether the Council has in place robust arrangements to meet this challenge and to identify any additional measures required to facilitate more private sector house building in the city.

What we did

The work had three stages. The first stage was internal evidence gathering which included desktop research looking at a range of documents including:

- Sheffield Strategic Housing Market Assessment;
- the Council's Housing Investment Delivery Plan;
- 'The Lyons Housing Review', commissioned by the Labour Party;
- The Role of Housing in the Economy, commissioned by the Homes and Communities Agency;
- The Chartered Institute of Housing 'Response to Review of the local authority role in housing supply'; and
- Sheffield Economic Strategy

This stage also included discussions with Council staff responsible for economic development, housing, and planning. This was in order to understand the context and activity the Council is already doing and to inform the key questions the Task Group will use in the next stage.

The second stage was external evidence gathering which consisted of focus groups with housing developers to gain a wider understanding of the issues from their perspectives; to hear potential solutions to issues identified; and to provide challenge to the Council's policies and practices.

The concluding stage was a session with Council officers to feedback on what the Task Group had heard from developers and to provide challenge based on the issues raised from an external perspective.

We would like to thank the Council staff and developers who gave us their time to contribute to our work.

Findings

We are happy with the strategic approach identified during our interviews with Council officers, as detailed in the draft Housing Delivery Investment Plan.

We welcome a more proactive approach to 'stuck sites', by reinvesting funds from the New Homes Bonus and working with developers to remove barriers to building new homes. We also welcome further work being undertaken by the Council to model a wider range of options for achieving the viability of development sites.

The Affordable Housing Interim Planning Guidance was published during the course of our work and sets out a variable affordable housing requirement in different parts of the city – we think this is a positive approach.

We are also pleased to see strategic links made with the City Region and the Economic Strategy.

Based on the evidence we read or heard there are some areas that require further attention and our recommendations focus on these areas.

Recommendations

Drawing on what we found and what we heard we make 6 recommendations in the following four areas:

- 1) Land disposal
- 2) Culture
- 3) Transparency / Communications
- 4) City Centre

Land disposal

We heard that the pace that the Council, through the Kier Asset Partnership Services (KAPS) deals with developers is frustrating developers. An example was given of one site that took 12 months for a decision to be reached on the preferred developer. However, when selected the developer had to pull out as they had since made other financial commitments. When looking to sell land for housing development the city is in competition with other areas. We recognise that there will be times when the process may take time due to 'negotiation tactics' on either the Council or developer's side, however we believe improvements to the process need to be made. We therefore recommend:

- 1) The Cabinet Member for Finance and Resources identifies ways to speed up the land disposal process by October 2015.**

We identified a potential conflict of incentives between maximising the receipt from residential land disposal and taking a longer term view that would take into account potential income to the council from Council Tax and the New Homes Bonus. The contract with KAPS ends in June 2016 and the contract can be extended by up to a further 6 years for either all or some of the services. We therefore recommend:

- 2) The Cabinet Member for Finance and Resources ensures that as part of any consideration of retendering or contract extension that the incentives for the service align with Council's priorities for the city and take into account the longer term benefits land disposal for housing can bring.**

Culture

We heard that developers welcome the "clear and positive messages" from senior levels in the Council but further down the organisation this does not always manifest itself. Developers did recognise that the culture has improved and described it as more pragmatic than 4 or 5 years ago. It is our belief further improvement is required and we therefore recommend:

- 3) The Cabinet Member for Business, Skills and Development takes measures to ensure the proactive approach to stimulating house building is fully understood throughout the Council, particularly by front line staff dealing with developers. To report back on progress by October 2015.**

Transparency / Communications

From what we heard there appears to be a widespread belief amongst developers that Sheffield has particular requirements around design and building standards. We also heard concerns that the Council approach to planning is too conservative and lacks ambition. We recognise that the Council has wider place shaping responsibilities for the city and its citizens. However, misconceptions can be a potential barrier and can deter developers. We therefore recommend:

- 4) The Cabinet Member for Business, Skills and Development takes steps to promote better understanding of the Council's flexible approach in order to attract developers to the city. To report back on progress by October 2015.**

We heard that some developers would welcome an enhanced relationship and dialogue with the Council. We note there was a high level meeting in November 2014 to bring together people working in the Sheffield City Region, including the private sector to review how the rate of new house building in the city region can be increased to match the

ambition of the Growth Strategy. However, we believe there would be benefits to engaging more with private sector developers. We therefore recommend:

- 5) The Cabinet Member for Homes and Neighbourhoods takes steps to ensure there are opportunities for private sector developers and others to contribute to, and inform the Council's approach to housing development, including consideration of the establishment of a consultancy group. To report back on progress by October 2015.**

City Centre

The Committee's October 2014 meeting focused on the Future Role of the City Centre and included the residential aspects. The Committee recognised that increasing the number of residents in the city centre could help increase footfall and also make the city centre feel more vibrant in the 6.00-8.00pm time between people who work in the city centre going home and those coming in for the evening arriving. From what we have seen during the course of this work residential development in the city centre is not fully dealt with within the Council's existing plans. We therefore recommend:

- 6) The Cabinet Member for Homes and Neighbourhoods undertakes further work to develop a fully integrated approach to a range of housing in the city centre, including family housing and the associated infrastructure requirements this type of housing would require, e.g. schools. To report back on progress by October 2015.**

What happens next

This report will be sent to the relevant Cabinet Members with a request for a formal response to our recommendations. The Committee will also be asking for a report back on progress against the recommendations by October 2015.

This page is intentionally left blank