

REPORT TO EXECUTIVE

Date of Meeting: 12th February 2019

REPORT TO COUNCIL

Date of Meeting: 26th February 2019

Report of: Chief Executive & Growth Director

Title: A Vision for a Transformational Housing Delivery Programme

Is this a Key Decision?

No

Is this an Executive or Council Function?

Council

1 What is the report about?

- 1.1** This report, and accompanying document produced by LDA-Design on behalf of the City Council, sets out a vision for delivering a transformational housing programme of around 12,000 homes in Exeter for the period 2020 to 2040. It will inform the production of the Greater Exeter Strategic Plan. It is not a formal planning document but rather a strategic vision for place that captures the development opportunities in the city that require public sector support and leadership within the city of Exeter. It will inform planning documents in the making and guide approaches to: a housing land supply problem, redevelopment of City Council's assets, council house building, and corporate priorities centred on Building Great Neighbourhoods; Promoting Active & Healthy Lifestyles; and Tackling Congestion and Accessibility. It also has the potential of being an advocacy document for government funding for infrastructure and housing programmes, and in engaging the private development sector and investors.

2 Recommendations

- 2.1** That Executive recommends to Council the adoption of the Vision for a Transformational Housing Programme to inform the production of the Greater Exeter Strategic Plan (GESP) and to provide a strategic context for: redevelopment of the City Council's assets, the production of Site Planning Statements to clarify expectations on sites offering scope for redevelopment; investigating options resulting from the Government's removal of the cap on local authorities' borrowing to fund the delivery of new council housing, and to assist planning responses to an acute housing land supply problem in Exeter.
- 2.2** That Executive and Council note that the Greater Exeter Industrial Strategy sets out an ambitious land acquisition and infrastructure investment bid amounting to £350m in support of a transformational housing programme for the sub-region, and it is assumed that the Transformational Housing Programme would require significant investment in infrastructure and land assembly to realise the 20 year programme.

3 Reasons for the recommendation

- 3.1** Exeter City Council is working with East Devon District Council, Mid Devon District Council, Teignbridge District Council and Devon County Council on the preparation of the Greater Exeter Strategic Plan 2020-2040. This will provide strategic policies

and guidance on how the local authorities will meet the housing and employment needs of the sub-region and the infrastructure required to meet this scale of housing and employment provision. There is a need for the City Council to shape a programme for urban renewal and densification in Exeter to maximise the number of homes delivered in the city to relieve pressures on the surrounding districts. Perhaps even more importantly, housing growth within the city will deliver the infrastructure investment necessary to ensure that Exeter continues to thrive in a competitive national and international context.

- 3.2** There is a degree of frustration with some residents who believe the city is not doing enough to provide housing within the city, in spite of the major housing sites at Newcourt, Monkerton/Hill Barton, Alphington and Pinhoe, the very visible blocks of purpose built student accommodation focused on the city centre has shaped a perception that the City Council should be doing more to build a variety of housing in the city. Some from our neighbouring authorities believe that we should be doing more to build in the city, they cite the hills on the periphery of the city as evidence we could be doing more. The hills are mainly within neighbouring authorities and we have provided evidence that even if the hills were within the municipal boundary of the city they are not the type of locations that should be built upon; their steep gradients and attractive landscapes should be protected as an important landscape asset for the city.
- 3.3** It is vitally important that the future growth of the city protect the special character of the city, the hills and the Exe Valley parks. That was the thinking behind 2011 publication “A City Centre Vision for A Green Capital.” Exeter grew from the historic city along roads, streets, tracks and natural features to encompass surrounding villages. The city structure has been put under increasing strain, green spaces and linear routes along valleys and water courses do not connect, the city centre has been fragmented from the River and Quay, and in some places roads, such as Western Way, have dominated historic street patterns and townscape; and congestion has eroded the urban experience. What is called for is no less than a renewal of those parts of the city that are currently hindering and detracting from a wider success of the city. The City Council with its asset base has a significant role to play in the renewal of the city fabric.
- 3.4** The City Council has submitted to Government the largest bid outside of London for building council housing through the removal of the cap on borrowing against council housing assets. Should the Council be permitted to borrow to build an ambitious programme of council house building this would further support the Council’s strategic aims of building within urban areas. This initiative, together with the City Council owned Exeter City Living development company would provide a direct lever to delivering against this transformational housing agenda. The City Council is also a land owner with significant assets throughout the city. These land holdings range from surface car parks, through to employment sites and recreational land holdings. The City Council can therefore directly intervene in the development of the city and facilitate this transformational programme. The City Council has in the past played this direct role with mixed use schemes such as Princesshay and the Guildhall Shopping centre, and is currently bringing forward a scheme at Paris Street with the redevelopment of the Bus and Coach station site, where the City Council’s £50m will be seeking to attract private sector investment for a mixed use development including housing. The programme material put together by LDA does show how such sites could be brought forward on a comprehensive basis. In that particular case at Paris Street, known as the eastern gateway, it shows the approach to the Heavitree Road corridor from the Heavitree Road Police Station through to Paris Street/Sidwell Street junction.

- 3.5** In such examples the City Council has a role beyond local planning authority and therefore it is a good illustration of the value of a strategic vision document. Typically the City Council will be asked for an input in land disposal considerations, and the wider public sector through a one view of public estate perspective can bring added value to stakeholders within the city. It is helpful to have a 20 year vision in order to suggest approaches to development that may challenge current policy thinking, particularly when the formal planning document is coming to the end of the plan period.
- 3.6** The value in having a 20 year housing programme is that it can galvanize around a strategic vision that can represent a genuine step change in ambition, rather than incremental change. The scale of ambition built into the regions productivity strategy and the merging industrial strategy is suggestive of transformational change rather than incremental growth. Throughout the country many centres that are driving transformational economic growth, such as is occurring at Exeter, have received significant Government investment in the form of growth deals. The Greater Exeter Industrial Strategy was put together with this in mind. Government through Homes England and BEIS want to work with those areas that have ambition and have the right ingredients to support the national challenges, such as clean growth and the need to improve productivity. Housing is an essential condition of a successful place. Growth occurs in particular places and a good supply of homes and jobs is part of the package of a successful place. Connecting people to the jobs is a fundamental challenge that investment in infrastructure can address.
- 3.7** Exeter has a number of challenges and congestion is one of the key challenges, as much as practical the housing programme will seek to increase density of future housing and provide a range of uses that will make it possible, by design, to travel to facilities by foot and bicycle, and to address the built environment in such a way that an active lifestyle is possible. Solving the challenge of how Exeter's residents get around the city is critical to solving the sub-regional challenge of getting in and out of the city. We don't want to harm the city, we need to improve the quality of the city through the developments we build and without addressing how infrastructure is funded this is unlikely to be possible. Under the current planning system there is likely to be a significant infrastructure funding gap between what can be collected as Community Infrastructure Levy (CIL) funding and the total cost of the infrastructure. The bid that has been set out for the region, Homes England and BEIS has attempted to quantify the size of the task. It is possible that the National Infrastructure Commission case study on Exeter will further add to the evidence of the scale of the challenge and the solutions.
- 3.8** The conundrum for places like Exeter is that unless the place can show ambition, such as with the transformational housing programme, the city is unlikely to attract Government funding for infrastructure and capacity building; however, without guarantees on infrastructure funding and capacity building, communities are likely to be opposed to housing programmes. The reality for local authorities is that Government expects us to deliver against our housing land supply requirements and housing targets, without any promises of funding. In other words, the Government believes it is our problem to solve. Therefore, there is a clear benefit in putting together an ambitious programme that at least has the potential to attract Government support to assist our delivery. Therefore, it is worth publishing this transformational housing programme even though we are not able to confirm how key elements of infrastructure would be funded. A more disciplined approach will have to be followed under the GESP when any allocation will require a more robust assessment of the viability of the development and the infrastructure required to

support the allocation. This was the process undertaken in support of Cranbrook and South West Exeter and, as members will be aware, we are still far from clear on what funding will be available to deliver key infrastructure in association with those developments.

4 What are the resource implications including non financial resources

- 4.1** There are significant resource implications potentially arising from the adoption of this Transformational Housing Programme, but nothing directly connected with the decision. Decisions on: land disposal, land assembly, site developments, development briefs, infrastructure planning and funding, capital borrowing and officer capacity to progress individual schemes, are all subject to their own process, and the resource implications of those decisions will be set out in that process. The expectation is that a transformational programme of this nature will require significant funding from government programmes.

5 Section 151 Officer comments

- 5.1** There are no financial implications for the Council to consider directly arising from the recommendations of this report. Given the size of Council and current funding levels, the Council will need to secure external support to deliver such an ambitious programme. Any future projects and plans however will be considered on their own merits as and when they are developed.

6 What are the legal aspects?

- 6.1** None identified.

7 Monitoring Officer's comments

- 7.1** This report raises no issues for the Monitoring Officer.

8 Report details – Background and Context

Housing Supply

- 8.1** There is a national housing crisis, and this is reflected locally. The Greater Exeter area has poor housing affordability, currently the 6th highest of any city in the country, and there is a need to ensure that sufficient housing is provided in each area and across the country to rebalance supply and demand for homes. The government now provides a specific formula for calculating local housing need, using official household projections and housing affordability statistics. For Greater Exeter the calculation comes to 2,660 homes per year, which is used to set the overall target of 53,200 homes over 20 years. Government statements clarify that this is a minimum. In particular, it is important that the supply is flexible and can respond to changing circumstances in the area, and that setbacks in one or two individual sites do not undermine the plan strategy.
- 8.2** The sub-region could provide for the new housing blind to municipal boundaries or it could require each council to consume its own housing provision based on individual assessed housing needs. In the case of the city, this would be 13,100 homes over twenty years. Ahead of the work that has to be done on behalf of the GESF, there is merit in setting out a strategic vision for a transformational housing programme that would be focused on brownfield development brought together for the city. This programme optimises the use of available city centre brownfield sites, including

publicly owned land, to drive transformational change and achieve a step change in the economic and housing trajectory of the city. This programme is aimed to make Exeter more attractive and competitive as a productive, tech-enabled and creative city, allowing it to attract talent and investment. The realisation of the Exeter sites would see the city become denser and more urban, providing more of the mix of living, leisure and employment necessary for any successful city, whilst also ensuring that growth delivers a dividend for the city's communities and environment.

- 8.3** The city's growth needs are apparent, with a high performing economy and key institutions like the University, the Met Office and Exeter Airport driving demand. The City is at the heart of the most dynamic local economy in the region. The current Exeter Core Strategy is shaped in part by the Draft South West Regional Spatial Strategy (now revoked), which identified that the majority of the housing and employment needs of Exeter and the sub-region must be met largely outside the city on key strategic allocations in East Devon (including Cranbrook) and major urban extensions to the city at Monkerton/Hill Barton, Newcourt and South West Exeter. As we approach the end of the life of the Core Strategy there is a need to rethink the strategic approach to housing and employment and the functioning of the city and the sub-region. This work is being done through the Greater Exeter Strategic Plan.

A Focus on Housing Delivery

- 8.4** The revised and updated National Planning Policy Framework was published in July 2018. In addition to a five year land supply assessment, the Government has introduced an annual Housing Delivery Test. The test is a measurement of net homes delivered against the number of homes required over a rolling three year period. [The number of net homes delivered is calculated using the Housing Flows Reconciliation, which requires local authorities to provide the government with data on the number of new builds, conversions, changes of use, mobile dwellings, temporary dwellings, demolitions and other losses/gains. Information on student and other communal accommodation is also required. Net homes required depends on the age of the local plan but will be one or more of the local plan target, household projections and the government's local housing need calculation]. Where the Housing Delivery Test indicates that delivery has fallen below 95% of the local planning authority's housing requirement over the previous three years, the authority must prepare an action plan in line with national planning guidance, to assess the causes of under delivery and identify actions to increase delivery in future years.
- 8.5** In recognition of the increasing focus on housing delivery the Leaders of the Heart of the South West commissioned a housing audit across the Heart of the South West Councils area. This highlighted a number of issues and challenges as well as identifying opportunities moving forward. These include the possibility of producing site Delivery Plans. Whilst this will be a requirement of the Government's Housing Delivery Test as a result of local under-performance, it should be seen as a positive "good-practice" to assist with turning local plan allocations to active implementation strategies. At this stage it would appear that there is no housing under delivery at Exeter or across the Greater Exeter sub-region when assessed against the Housing Delivery Test, but given the number of key strategic housing allocations within the Greater Exeter authorities, such as South West Exeter, Culm Garden Village at Junction 28, it is prudent to assume we maintain a focus on housing delivery and consider producing housing delivery plans. Exeter's Core Strategy covers the period up to 2026, and with Monkerton/Hill Barton and Newcourt well underway, Exeter's future housing and employment strategy becomes critically dependent on the delivery of sites outside of the city and the progress on the Greater Exeter Strategic Plan.

- 8.6** A strategic housing transformation programme will assist in the task of providing housing delivery plans when required, and by getting ahead of the process will enable any ask of Homes England to be backed by an ambitious plan. There is competition for available funding from Homes England and therefore the publication of a transformational housing programme would help press our case ahead of other areas.

Transport

- 8.7** The current transport strategy for Exeter is set out in the Local Transport Plan 3 (2011-2026), much of our collective focus has been in delivering the growth agenda to the east of the city and supporting the major infrastructure challenges associated with motorway junction improvements, road widening schemes, strategic cycling infrastructure, new bus services and two new rail stations. The County Council has made good progress in helping deliver approximately £80 million of new transport infrastructure for the Exeter and East Devon Growth Point area since 2011.
- 8.8** The Exeter Travel to Work Area (TTWA) has grown considerably in recent years and is now the second largest geographical TTWA in the country (behind Cambridge). The growth in Exeter jobs from 2001 to 2011 has been filled by labour from outside the city, which is reflected by the rising levels of in commuting, 48% in the last Census. Between 2001 and 2011 there has been an increase of 7,500 people travelling onto Exeter from outside the city for work, and significant jobs and housing growth in Exeter and surrounding area. Despite this, the County Council assure us that traffic levels on key routes into the city have not increased and average speeds have remained consistent. Additional travel demand into the city has instead been accommodated by the residents of Exeter shifting to sustainable travel modes. As a result, the balance of travel for Exeter residents has shifted to a point where the majority of Exeter residents now travel to work by sustainable modes.
- 8.9** Looking forward, the adjacent Strategic Road Network is expected to be at capacity at the end of the current Local Plan period in 2026 and the numbers employed in Exeter is likely to increase significantly over the next 20-25 years. Therefore we need a different approach to strategic planning if we are to avoid congestion and an unacceptable environmental impact.
- 8.10** The County Council and the City Council recognise the issues that face us and the City Council's strategic priorities put these issues front and centre stage in our corporate plan. Dialogue with Devon County Council's transport planners shows the transport authority recognises that as cities grow and factors changes, urban transport policy is continually evolving and acknowledges a People Centric approach to design - central to this is a greater sense of place and better quality of life. As policy has evolved over time, car usage from urban areas has decreased. This trend is observed in Exeter, with the most recent Census highlighting a fall in driving levels such that that the majority of residents of Exeter do not drive to work and some of the highest levels of walking of any UK city. With existing transport networks already at capacity in peak periods, additional capacity will be required to support additional economic activity and enable the agglomeration that is so critical to business productivity. Alongside this urban centre regeneration schemes must strive to reduce the dominance of vehicular traffic and provide an environment where amenities and services are located within a reasonable walking and cycling distance.
- 8.11** Building extra highway capacity is probably not possible within Exeter. Instead, providing capacity for future growth will depend on effective sustainable alternatives

to remove discretionary car trips from the local and Strategic Road Network and more sophisticated management of existing transport corridors. We will need to ensure we create a comprehensive and coherent permeable cycle and pedestrian network that connects key economic hubs to transport interchanges and residential areas. Emerging thinking from transport planners would aim for 50% of trips within the city to be made on foot or by bike. This complements the city's aspirations to encourage greater physical activity and become the country's most active city.

- 8.12** A lot of work is being done by Devon County Council on the Transport Strategy and what specific interventions will be required over the next twenty years. The City Council has approached the task in a manner that it can do because it is not the transport authority and therefore can set out high level vision statements freed, to a degree, by not being the transport authority but having a leadership role for place and in setting out planning policies that can frame master planning and development schemes. These goals have been reflected in the goals of Exeter City Futures, the Sport England Local Delivery Pilot and the Council's Corporate Plan.
- 8.13** The Vision document assumes the City Council has a key role to play in pulling policy levers that will influence future transport planning, not as a reactive body, but through a potential master developer role both at a strategic level in setting policy frameworks but also as land owner and developer partner. Car free and car light developments will be part of the mix to bring about active and healthy lifestyles and a better environment for our residents.

Active Design and Quality

- 8.14** Vision for the Transformational Housing Programme seeks to build principles of Active Design into our approach to the future planning of the city. This is to ensure that the physical environment provides the conditions for people to be more active. An example of this could mean a housing development which makes walking and cycling the easy and preferred method of transport, by prioritising walking routes over roads and highways. These Active Design principles are:
- Activity for all;
 - Walkable communities;
 - Connected walking & cycling routes;
 - Co-Location of community facilities;
 - Network of multifunctional open space;
 - High quality streets and spaces;
 - Appropriate infrastructure;
 - Active buildings;
 - Management, maintenance, monitoring & evaluation
 - Activity promotion and local champions.
- 8.15** The design principles bring together social aspects of the environment as well as the physical environment. Whilst in the Vision document we are focused largely on the physical environment, the City Council is working with the Sport England Local delivery pilot, Well Being Exeter, and Exeter City Futures focused on community engagement and broader issues relating to behaviour. There is evidence to suggest walkable neighbourhoods can encourage active travel and thereby promote physical activity. Walkability can be encouraged by incorporating a number of simple principles: compact neighbourhoods with increased housing density; good street connectivity; mixed uses like schools, recreational centres, shops, and offices; appropriate walking and cycling infrastructure; and access to public transport.

- 8.16** In setting out a people centred approach to a transformational housing programme, rather than simply a focus on housing numbers, we should be able to put achievement of health outcomes and a liveable city ahead of the all too familiar focus on housing numbers. We want both, housing outputs but also a quality environment that is conducive to healthy lifestyles. Everyone talks about quality, few places have achieved quality outcomes, all too often the quality of new developments under deliver on quality. This is a systemic problem that has been written about for years. Typically the planning system has been found wanting in holding the development industry to the quality of product we deserve. At times the government does not help by strengthening the hand of the volume house builders in negotiations, the problem of under delivery of housing is routinely framed by government as a local authority failing, when it is the housebuilders who are the builders. We are not seeking to blame anyone, but to suggest there is a different approach that could deliver quality and use whatever powers hard and soft that we have at our disposal. This desire for quality in new house building and in building neighbourhoods is at the heart of this programme.
- 8.17** The City Council has sought with its own commitment to Passivhaus and internal space standards to show leadership, but we need an even bigger commitment to quality. For Exeter to be recognised as a leading sustainable city and global leader in addressing social, economic and environmental challenges of climate change and urbanisation we need to raise the bar. This programme is our attempt to do just that, we now need partners in government, the public and the private sector, to grasp the opportunity we are offering.

9 How does the decision contribute to the Council's Corporate Plan?

The Exeter Vision 2040

- 9.1** The Exeter Vision 2040 provides a lot of material to help set a vision to shape the development of the city over the next twenty years:

Healthy & Inclusive

- Every resident will have a home that is secure, affordable and healthy in a balanced and connected neighbourhood that supports

The Most Active City

- Exeter will be the most active and accessible city in England – transport will not be a barrier to economic or social activities, and sustainable means of travel will be cheaper, quicker and more convenient than private car ownership.
- Land currently dominated by driving and parking will be freed up for social, economic and environmental uses and air will be clean and healthy.
- A high-quality and accessible built environment and green spaces, with great arts and cultural facilities, will encourage healthy, active lifestyles. A comprehensive network of safe routes will ensure that most everyday journeys are made by walking and cycling.

Liveable & Connected

- Exeter will be a liveable city, with a thriving city centre, within a network of thriving rural and coastal towns and villages.
- The impacts of growth will be managed and mitigated and communities will lead development, helping to create a city where everyone has access to the

places and services which enable them to meet their needs and lead fulfilling lives.

- Urban planning will protect and enhance Exeter's exceptional natural and historic environment, safeguard its iconic landscape setting, and encourage high-quality contemporary design that complements and enhances the city's heritage.

A Leading Sustainable City

- Exeter will be recognised as a leading sustainable city and a global leader in addressing the social, economic and environmental challenges of climate change and urbanisation. The Exeter of the future will have grasped the opportunities ahead of us today.

- 9.2** This Transformational Housing Programme embodies three of the City Council's Corporate Plan priorities:

BUILDING GREAT NEIGHBOURHOODS

We will strive to ensure that every resident has a home that is secure, affordable and healthy in a neighbourhood where local services support wellbeing and promote community cohesion.

PROMOTING ACTIVE & HEALTHY LIFESTYLES

We will strive to make Exeter the most active city in England with a high-quality and accessible built environment and green spaces that encourage active and healthy lifestyles in communities that support wellbeing and reduce social isolation.

TACKLING CONGESTION & ACCESSIBILITY

We will work with our partners to make Exeter a city where active travel is promoted and where transport is not a barrier to accessing education, jobs, services or social activities and where sustainable means of travel are safer, cheaper, quicker and more convenient than private car ownership.

10 What risks are there and how can they be reduced?

- 10.1** A transformational housing programme of this nature will give rise to many risks, individual site projects will be subject to their own risk register which will identify the owner of the risk. Typically the main financial risks will be unrealistic expectations of value by land owners; under-estimation of value of land to be acquired; failure to secure land through compulsory purchase orders; delay; changes in market conditions which lead to inability to recover up-front acquisition costs. Infrastructure costs under estimated; failure to secure all statutory consents; inability to cover costs through CIL; delays through suppliers, legal agreements etc. The scale of the infrastructure funding may require recycling of investments and recycling of receipts; front funding infrastructure ahead of receipts can create its own risks. Significant investments in land requires capturing of income further down the cycle.
- 10.2** The scale of this programme potentially spanning twenty years would justify exploration of a delivery vehicle and management board to manage the programme risks.
- 10.3** The governance and staffing implications of a transformation programme are matters that should be addressed at the appropriate time. Arguably this should be done in the context of a specific proposal for government funding, when a conversation on funding against a specific proposal would warrant clarity on resources and

governance to ensure delivery of the outcomes for which funding was being sought. In the short term, it is likely to be a fluid conversation.

11 What is the impact of the decision on equality and diversity; health and wellbeing; safeguarding children, young people and vulnerable adults, community safety and the environment?

11.1 This approach to housing development that seeks to build great neighbourhoods and improve health outcomes through planning for active lifestyles and tackling congestion is likely to lead to better outcomes for equality, diversity, health and well-being. The focus on urban renewal and access to facilities with greater density of development should make for a stronger city with positive environmental outcomes.

12 Are there any other options?

12.1 The City Council could allow the GESP to take its natural course and wait for the process to determine the housing numbers the city should provide, moreover the City Council could be reactive as a planning authority and assume development will be delivered through the private sector. There is no requirement on the City Council to use its assets for development and we could advocate a stance that supports the current approach to building. We could seek to argue that the city is full up and new strategic sites should be found outside of the limits of the city. The City Council could go it alone without the neighbouring councils; accepting there is a duty to co-operate but decline the collaborative process currently being pursued.

Karime Hassan
Chief Executive & Growth Director

Local Government (Access to Information) Act 1972 (as amended)

Background papers used in compiling this report:-

Exeter City Council Corporate Plan 2018-2021

Greater Exeter Industrial Strategy

A Transformational Housing Programme, LDA Design, Jan 2019 -The report is available to all members in hard copy from the Office of the CX and at the all member briefing, prior to publication on ECC's website

Exeter City Council, 2011 publication "A City Centre Vision for A Green Capital."

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