

LOCAL PLAN COMMITTEE

2 NOVEMBER 2017

REPORT OF THE HEAD OF PLANNING

A.3 **GOVERNMENT CONSULTATION: 'PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACES'**

(Report prepared by Gary Guiver)

PART 1 – KEY INFORMATION

PURPOSE OF THE REPORT

To seek the Local Plan Committee's agreement to the Council's response to the government's consultation paper entitled 'Planning for the right homes in the right places'.

EXECUTIVE SUMMARY

The government has published draft proposals (attached as Appendix 1) aimed at reforming the planning system to increase the supply of new homes and increase local authority capacity to manage growth. The proposals include:

- a standard method for calculating local authorities' housing needs;
- how neighbourhood planning groups can have greater certainty on the level of housing need to plan for;
- a statement of common ground to improve how local authorities work together to meet housing and other needs across boundaries;
- making the use of viability assessments simpler, quicker and more transparent; and
- increased planning application fees in those areas where local planning authorities are delivering the homes their communities need.

The government proposes to publish a revised version of the National Planning Policy Framework (NPPF) in 2018 to include some of these proposals.

Standard method for calculating housing needs: The paper proposes a standard method for calculating housing needs to help save on costs and delays. For Tendring, would mean a target of 749 new homes a year – a significant increase upon the figures included in the Local Plan.

Neighbourhood planning: The paper suggests that Local Plans should specify the amount of housing to be provided in different parts of the district to assist communities in knowing how much growth to put in their neighbourhood plans. It also suggests a proportionate 'percentage based' formula for working out the best distribution between towns and villages in areas where the Local Plan is not up to date.

Statement common ground: The paper suggests that Councils should enter into 'statements of common ground' with other authorities and relevant bodies to help demonstrate how they have complied with the legal duty to cooperate.

Viability assessments: The paper suggests that if the policies in a Local Plan are properly tested for their viability as part of the plan making process, there should be no reason for individual planning applications to be tested when developers claim that they are unable to comply with Local Plan policies for viability reasons – thus saving time and money.

Increasing planning fees: The government proposes that to help planning departments with resources, a 20% increase in planning fees could apply – but only where Councils are succeeding in delivering their housing numbers.

Officers have produced a draft response to all of the questions within the consultation paper (attached as Appendix 2) for the Committee to consider, suggest any changes and agree as the Council's formal response.

RECOMMENDATION

That the Local Plan Committee considers the draft response in Appendix 2 to the government's 'Planning for the right homes in the right places: consultation proposals' attached as Appendix 1 and agrees the Council's response which will be sent to the Department for Communities and Local Government before the deadline of 9th November 2017.

PART 2 – IMPLICATIONS OF THE DECISION

DELIVERING PRIORITIES

The preparation of a new Local Plan is a high priority for the Council. It is also the goal of government for local planning authorities to deliver sustainable development and coordinated provision of housing, jobs and infrastructure whilst best protecting and enhancing the natural and built environment. The delivery of new housing is a key element of the Local Plan and the government's draft proposals have implications for this.

RESOURCES AND RISK

The draft response to the consultation proposals has been prepared by the Council's planning team within the agreed 'LDF Budget'.

The government's intention is to streamline the planning system to boost the supply of housing across the country. The proposals aim to reduce the amount of time and money spent by Councils on assessments of housing need, demonstrating compliance with the legal duty to cooperate and undertaking viability assessments for individual planning applications. They also aim to increase resources for planning departments, but only where housing targets are met.

There is however a general expectation that Councils, particularly in southern England will be required to significantly increase the supply of housing. For Tendring, the suggested increase in housing is substantially above that already planned for in the emerging Local Plan.

Developers are already putting pressure on the Council, through the appeal process, to follow the government's proposed approach to calculating housing need in anticipation that it will come into force in 2018.

LEGAL

The National Planning Policy Framework (NPPF) requires Councils to boost significantly the supply of housing by using evidence to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing. The government is concerned that the policy has not been working and proposes changes to the NPPF to address this. If the government does make changes to the NPPF, as proposed, they will become a material planning consideration that Councils will be expected to comply with, both in the preparation of their Local Plans and in making decisions on planning applications.

OTHER IMPLICATIONS

Area or Ward affected: All wards.

Consultation/Public Engagement: Anyone is entitled to respond to the government's consultation paper.

PART 3 – SUPPORTING INFORMATION

On 14th September 2017, the government published draft proposals aimed at reforming the planning system to increase the supply of new homes and increase local authority capacity to manage growth. The government is inviting comments on these proposals which need to be submitted by 9th November 2017. The government is hoping to publish a revised version of the National Planning Policy Framework (NPPF) in 2018 with a view to incorporating some of these proposals. The full consultation document is attached as appendix 1 to this report and includes (as appendix 2) Officers' suggested response to the various questions within it. The following provides a summary of the main proposals and Officers' suggested response.

Calculating Housing Need

The government believes that the current approach to assessing housing need is too complex and has led to a costly and time consuming process which lacks transparency. It is therefore proposed that a standard method is introduced which is simple, based on publicly available data and realistic. The standard method would follow these three steps:

Step 1: Setting the baseline – using the government’s household projections as the starting point for calculating housing needs.

Step 2: Adjusting for market signals – increasing the base-line figure in locations where house prices are high and/or where affordability is an issue. This takes affordability statistics produced by the government and feeds them into a standard formula to give an adjusted figure.

Step 3: Capping the level of any increase – taking into account the stage that Councils have reached in producing their Local Plan. For Councils who have adopted their Local Plan in the last five years the figure would be capped at 40% above the figures in their adopted Local Plan, but for Councils like Tendring whose adopted Local Plan is ten years old, the figure would be capped at 40% above either the government’s household projections or the figures in their adopted Local Plan, whichever is the higher.

For each Council in the country, the government has published a figure that results from the application of the proposed methodology and, for Tendring, the figure is **749 homes a year** – approximately 200 homes a year more than is being planned for in the Council’s new Local Plan. Applying this figure would increase the housing requirement from 11,000 homes to nearer 15,000.

The government continues to encourage Councils working together to address housing needs and welcomes the production of joint Local Plans. In these cases, it will be up to the Councils to agree amongst themselves how best to distribute the new housing between their areas, so long as they meet the sum of the Council’s individual requirements combined, using the standard methodology set out above. For Tendring, Colchester and Braintree combined, the total housing requirement would be $749 + 1,095 + 835 = 2,679$ homes a year.

The government suggests that Local Plans should be reviewed every five years and updated to reflect the very latest housing data. Because new data is published on a regular basis, the government suggests that Councils should be able to rely on the evidence used to justify their housing need for a period of two years from the date they submitted their Local Plan to the Secretary of State.

The government is concerned that Councils are spending huge amounts of tax-payers money on employing consultants to produce housing assessments which tend to get challenged by developers at Local Plan examinations and which, in turn, lead to substantial delays in getting new Local Plans adopted. It therefore intends to amend the National Planning Policy Framework (NPPF) to say that Local Plans must identify local housing need using a clear and justified method – i.e. preferably the government’s proposed method.

The government acknowledges that there may be compelling circumstances in which Councils might need to deviate from the proposed standard method. An example is authorities such as National Parks, the Broads Authority and Urban Development Corporations where the boundaries

do not align neatly with local authority boundaries. None of these circumstances apply to Tendring.

The government will generally support Councils who plan for housing growth over and above the figures generated by the standard method, for example, to help deliver a specific infrastructure project. The government does not envisage there being many grounds for adopting an alternative method which results in lower figures. Such an approach will be rigorously tested by the Planning Inspector during the Local Plan examination process and only in very exceptional circumstances, demonstrated through robust and realistic evidence, will lower figures be accepted.

For the purposes of calculating a five-year housing supply, the government proposes that the new standard figures will apply after 31st March 2018.

The government recognises that some Councils have already made significant progress with their Local Plan and that it would be unreasonable to expect them to change their plans to reflect the proposed standard method. The government is keen that Councils get on with their Local Plans and therefore proposes 'transitional arrangements' that would allow Councils, such as Tendring, who have submitted their plans for examination before 31st March 2018 (or before the new NPPF is published, whichever is later) to continue with their current approach (this is however no guarantee that the Inspector will accept the approach as being sound). So, if for whatever reason the Planning Inspector finds Tendring's Local Plan to be unsound, the Council will be expected to produce a new version that applies the government's standard approach to housing figures.

Officers draft response to this proposal is to object on the basis that a simplistic formulaic approach to assessing housing goes entirely against the government's agenda of 'localism' and ensuring that decisions on housing growth are made at a local level, based on local evidence and by democratically elected Councillors representing local people and local businesses.

Statement of common ground

The government is concerned that the duty for Councils to work together to meet needs for housing, infrastructure and public services is not working at present. Lack of cooperation is one of the main reasons that Local Plans fail at examination so the government proposes that all Councils produce a 'statement of common ground'. The statement would have to be agreed by relevant Councils and will have to set out any strategic-cross boundary issues and record where agreement has, and has not been reached. The new version of the NPPF will provide further guidance on how this should be approached, which bodies should be involved and over what geographical area.

It proposed that all Councils will need to have a full statement of common ground in place within twelve months following the publication of the revised NPPF and that within six months of the NPPF they should have at least identified the relevant geographical area, the key cross-boundary issues, the relevant bodies and the process for maintaining and keeping the statement up to date.

Officers recommend supporting the concept of statements of common ground as a means of demonstrating how authorities and other relevant bodies have complied with the legal duty to cooperate.

Planning for a mix of housing needs

The government proposes new guidance alongside the revised NPPF on how Councils are to work out the need for housing of specific types and tenures for:

- Older and disabled people;
- Families with children;
- Affordable housing;
- Self-build and custom-build development;
- Student accommodation;
- Travellers who have ceased to travel; and
- Private rented sector and build to rent housing.

The government is welcoming comments on how this can best be done in a streamlined and evidence-based way. The government is also considering how best Councils should plan for the needs of older people as our population ages and is welcoming comments on whether the current definition of older people in the NPPF is still fit for purpose. Officers do not consider that any changes to the definition of older people is necessary but welcomes any guidance on how best to plan for the needs of different groups in society.

Neighbourhood Planning

The government continues to support locally-prepared 'Neighbourhood Plans' as a means of local communities planning the future growth of their area. It is concerned however that there are currently problems with communities trying to progress neighbourhood plans in whilst a Council's Local Plan is still be prepared and in the absence of specific housing figures to apply in their area. To address this, the government proposes that Councils should provide communities with a housing needs figure to work to, which has to reflect the strategy in the Local Plan.

The government is therefore seeking comments on whether or not Councils should set out, within their Local Plans, specific housing figures for specific neighbourhood planning areas and parished areas within their district or borough.

For Councils with an out of date Local Plan, the government is considering a simple formula-based approach for apportioning growth to different areas within a district which would be based on current population levels and a proportionate percentage-based approach.

The response drafted by Officers supports the concept in theory, but highlights the fact that this Council attempted to produce a Local Plan that followed a fair and proportionate approach only for

it to be objected to by statutory consultees and overridden, on numerous occasions, by appeal Inspectors.

Proposed approach to viability assessment

The government is concerned that the use of viability assessments in planning permission negotiations has expanded to a degree that causes complexity.

For plan-making, the government proposes that Councils set out the types and thresholds for affordable housing contributions required; the infrastructure need to deliver the plan; and expectations for how these will be funded and the contributions developers will be expected to make. It also invites comments on whether changes to planning guidance could be made to improve the way that plans are tested for viability to ensure they are deliverable.

For dealing with planning applications, the government suggests that if the viability of policies in the Local Plan have been tested, there ought to be no need for viability assessments at the planning application stage and developments should be deemed to be viable.

Officers suggest that the Council supports this proposal on the basis that viability assessments for individual planning applications do add considerable cost and delays to the planning process.

Planning fees

The government recognises the nation-wide problem of under-resourced planning departments and suggests that an increase in planning application fees is an important step in addressing this. The government suggests a 20% increase in planning fees for Councils who commit to investing the addition income in improving the productivity of their planning departments. It is suggested that the 20% increase could be applied to those Councils who are delivering their housing requirements. The draft response to this proposal suggests that this approach is unfair and that all authorities should be allowed to increase their fees – not just those that deliver more housing.

Build out

The government wants to see homes built faster and has already set out a wide-ranging approach which involves:

- Boosting local authority capacity and capability to deliver;
- Ensuring infrastructure is provided at the right time in the right places, including the £2.3 billion Housing Infrastructure Fund;
- Securing timely connection to utilities;
- Tackling delays caused by inappropriate use of pre-commencement conditions;
- Diversifying the housebuilding market – supporting new entrants and encouraging modern

methods of construction;

- Addressing skills shortages by growing the construction workforce;
- Holding local planning authorities to account through a new Housing Delivery Test; and
- Giving local authorities new and improved tools to hold developers to account for delivery of new homes, backed up by more transparent data about build out.

The government is welcoming comments on any other measures that could be put into place for improving build-out. Officers have suggested, in the draft response, that shortening the time-limits for planning permissions might be one way to incentivise landowners and developers into implementing their developments.

APPENDICES

Appendix 1 – Government consultation proposals

Appendix 2 – Officers' draft response to the consultation questions.