

NORTH WEST LEICESTERSHIRE DISTRICT COUNCIL

LOCAL PLAN ADVISORY COMMITTEE – WEDNESDAY 18 OCTOBER 2017

Title of report	GOVERNMENT CONSULTATION – PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACE
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Purpose of report	To provide a summary of the government’s current consultation ‘Planning for the right homes in the right place’ and to identify potential implications for plan making.
Council Priorities	Value for Money Business and Jobs Homes and Communities Green Footprints Challenge
<p>Implications:</p> <p>Financial/Staff</p> <p>Link to relevant CAT</p> <p>Risk Management</p> <p>Equalities Impact Screening</p> <p>Human Rights</p> <p>Transformational Government</p>	<p>None</p> <p>None</p> <p>Complying with national policies is one of the tests of ‘soundness’ for a local plan. Therefore, any changes introduced by the government will need to be addressed in future Local Plans.</p> <p>Not applicable</p> <p>Not applicable</p> <p>Not applicable</p>
Comments of Deputy Head of Paid Service	Report is satisfactory

Comments of Deputy Section 151 Officer	Report is satisfactory
Comments of Deputy Monitoring Officer	Report is satisfactory
Consultees	Local Plan Project Board
Background papers	<p>Department for Communities and Local Government – Planning for the right homes in the right place which can be viewed at www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals</p> <p>Planning Practice Guidance which can be viewed at www.gov.uk/government/collections/planning-practice-guidance</p>
Recommendations	<p>(I) THAT MEMBERS NOTE THE PROPOSALS PUT FORWARD BY GOVERNMENT;</p> <p>(II) THAT THE POTENTIAL IMPACT UPON THE PREPARATION OF LOCAL PLANS BE NOTED; AND</p> <p>(III) THAT MEMBERS ADVISE OF ANY COMMENTS THEY HAVE</p>

1.0 BACKGROUND

- 1.1 Members will be aware that a local plan has to identify the amount of new housing which is needed for the period covered by the local plan. Members will also be aware that the issue of housing need is often the single most controversial issue when preparing the plan and at the subsequent public examination. This was the case with the Council's submitted Local Plan in the examination sessions which took place earlier this year.
- 1.2 In terms of the submitted Local Plan, the evidence as to future needs has been derived from a Housing and Economic Development Needs Assessment (HEDNA) and prior to that by a Strategic Housing Market Assessment (SHMA). Both of these identify housing need across the whole of the Leicester and Leicestershire housing market area (HMA) and their preparation has followed the Planning Practice Guidance issued by the government.
- 1.3 In February 2017 the government published a 'Housing White Paper' (Fixing our broken housing market). The White Paper identified four themes:
- Planning for the right homes in the right place;
 - Building homes faster;
 - Diversifying the market; and
 - Helping people now.
- 1.4 In terms of 'Planning for the right homes in the right place' the White Paper proposed to introduce "a standardised approach to assessing housing requirements".

- 1.5 The government has now published its proposed methodology for consultation together with a number of other proposals (Planning for the right homes in the right places: consultation proposals).
- 1.6 The consultation notes that it is intended, subject to the outcome of the consultation, to issue a revised National Planning Policy Framework (NPPF) in early 2018 with a final version in Spring 2018. The changes proposed in the consultation, together with any revisions to the NPPF, will impact upon future plan making.
- 1.7 This report highlights those matters which would be likely to impact upon plan making and sets out officers' comments.

2.0 PROPOSED APPROACH TO CALCULATING THE LOCAL HOUSING NEED

2.1 The proposed standard methodology to calculating local housing need has, according to the consultation document, three key principles behind it:

- Simple
- Use publicly available data
- Realistic taking account of affordability issues

2.2 There are three steps in the methodology:

Step 1 Setting the baseline

- Use Office for National Statistics ("ONS") household projections with baseline using annual average household growth over a 10 year period.
- These should be the minimum local housing needs figure.

Step 2 Adjust for market signals

- Use median affordability ratios published by ONS for each local authority.
- To ensure that housing needs are met it is proposed that the need figure be increased by 0.25 for each 1% that affordability ratio is above 4.
- Use following formula to derive final local housing needs figure
(1 + number from affordable housing ratio calculation) x household growth

2.3 The third step in the process is to set a cap on the level of any increase, in recognition that applying the standard approach in steps 1 and 2 will, in some instances, result in very significant increases over and above what has (or is) being planned for.

Step 3 Capping the level of increase

The extent of any cap will depend upon the stage in plan production at the time of any assessment.

- (a) Where a plan was adopted within the last 5 years it will be 40%

- above the annual requirement specified in the plan; or
- (b) for authorities with a local plan adopted more than 5 years ago (the current position here at the Council) this is 40% above the higher of either the projected household growth over the plan period projected by the ONS or the annual housing requirement in the current local plan.

2.4 Where the standard methodology would result in an increase in excess of (a) or (b) (whichever is applicable) then the results of (a) or (b) would be applied to establish the local housing need rather than the standard methodology.

2.5 The following points are of note:

- The standard methodology would apply from 31 March 2018.
- A higher figure can be planned for “where there is a policy in place to substantially increase economic growth...”.
- Where it is proposed to have a higher housing figure it is proposed to amend planning guidance so that Inspectors, when looking at soundness, are to assume the approach is sound unless “compelling reasons indicate otherwise”.
- The government recognises that new data published in the process of plan preparation could result in delays and changes to housing figures. It is proposed that the local housing need figure can be relied upon for a period of two years following submission.
- Proposed that having a robust methodology will become a test of soundness of a plan and that using the standard approach will be sufficient to satisfy such a requirement.
- There would be limited grounds for adopting an alternative method which results in lower need than the standard methodology.
- Propose transitional arrangements based on what stage the plan has reached in plan making terms. Where the plan is at examination it is proposed to continue using the current approach.

2.6 The consultation recognises that some authorities are working jointly on strategic plans and in such cases the consultation suggests that the housing need for the area being planned for should be the sum of the local housing need for each local planning authority. The area wide housing need should then be distributed across the different authorities.

What might this mean for North West Leicestershire?

2.7 In terms of the last bullet point this is very positive for the Council's submitted Local Plan as it is already at examination and so there will not be a need for the Inspector to reconsider the issue of housing numbers in light of this consultation.

2.8 Alongside the consultation the government has published the results for each authority using the proposed standard methodology based on current data. For North West Leicestershire steps 1 and 2 results in a figure of 360 dwellings per annum for the period 2016-2026. This is significantly less than the 481 dwellings being planned for in the submitted Local Plan.

2.9 In terms of the cap, the Council would (at this time) fall within category (b) from the above. Based on figures provided as part of the consultation the annual growth projected by the ONS is 300 dwellings per annum. Applying a 40% cap to this would equate to 420 dwellings per annum. The annual requirement in the adopted Local

Plan is 387 dwellings per annum. Applying a 40% cap to this would equate to 542 dwellings per annum.

- 2.10 For this district, as both of these cap figures (420 and 542 dwellings) are higher than the results of the proposed standard methodology anyway, they wouldn't be applicable as the results from the proposed standard methodology (360 dwellings per annum) would apply.
- 2.11 Moving forward the consultation notes that "*For the second and subsequent plan reviews we propose that the cap for authorities should remain at 40 percent above the number of homes they are planning for in the extant local plan at the time of review*".
- 2.12 Members will be aware that a proposed modification to the Local Plan published in June 2017 includes a commitment to commence an immediate review of the Local Plan in early 2018. Using the suggested standard approach the Council would fall in to step 3(a) and applying a 40% cap to the housing requirement of 481 dwellings would result in a cap of 673 dwellings per annum.
- 2.13 Again, as the standard methodology would result in a figure (360 dwellings) less than the cap that would result from the submitted Local Plan, the standard methodology would apply.

Comments

- 2.14 On the face of it the standard methodology and its outcomes are potentially positive for North West Leicestershire. However, by allowing for the possibility of planning for higher numbers than suggested by the standard methodology, this will immediately open up the potential for challenge. The use of vague terms in the consultation document such as "*substantially increase economic growth*" will only exacerbate this.
- 2.15 Therefore, in reality it is considered that the issue of housing need is likely to remain a highly contested feature of local plans and examinations.
- 2.16 On the other hand, where an authority wishes to plan for a higher number, the proposal that Inspectors should assume such an approach is 'sound' would appear to disadvantage those opposed to such an approach (for example local communities) unless they are able to demonstrate otherwise.
- 2.17 Whilst it is useful that there will be a two year period of grace following submission without the need to revisit housing figures, it is questionable as to how useful this will be as any changes prior to submission could still impact upon preparation of the submitted Local Plan. An alternative approach would be for any period of grace to be from the commencement of plan preparation (equivalent to consultation under Regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 20012) to submission so as to provide a greater incentive to proceed as quickly as possible.
- 2.18 Members will be aware that this Council is working with the other Leicestershire authorities (and Leicester City) to prepare a Strategic Growth Plan. Whilst this is not a formal plan as referred to in the consultation, it would seem appropriate that the same principles would still apply. In order to ensure that the area wide needs are met it is likely that this approach will, in some instances, result in a higher figure for a local planning authority than suggested by the standard methodology.

3.0 JOINT WORKING

- 3.1 The Housing White Paper had identified concerns regarding the operation of the Duty to Cooperate. Three particular problems are identified:
- A lack of transparency or sufficient certainty that authorities are working together;
 - Co-operation is only tested towards the end of the plan-making process at which point it is too late to make any remedies; and
 - There is no requirement to reach agreement so resulting in avoiding difficult decisions or putting unrealistic burdens on others.
- 3.2 To address concerns it is proposed that the NPPF will require that each local planning authority should produce a statement of common ground (SOCG) across the HMA or other agreed geographical area, although the HMA is to be the default area.
- 3.3 The SOCG will set out cross boundary matters and where agreement has or has not been reached. However, an authority would only be a signatory in respect of those strategic matters in which they have an interest and can sign more than one SOCG.
- 3.4 It is proposed that the SOCG should be in place within 12 months of a revised NPPF with an outline statement within 6 months.
- 3.5 It is proposed to amend the test of soundness to include a) plans which are based on strategy informed by agreements over wide areas and b) based on effective joint working on cross-boundary strategic issues evidenced in the SOCG.

Comments

- 3.6 Members will be aware that the Council has long established working arrangements with the other HMA authorities. These will be helpful in ensuring that the requirements associated with a SOCG are addressed.
- 3.7 As part of the proposed review of the submitted Local Plan it will still be necessary to consider whether any other SOCG's are required with other neighbouring authorities. This will need to be built into the timetable for the review.
- 3.8 Whilst the Government recognise that other statutory consultees have a role to play in plan making they do not propose to require that they be signatories to SOCG's. It is considered that as a minimum government agencies should be included as well as a means to ensure they play their part.

4.0 PLANNING FOR A MIX OF HOUSING NEEDS

- 4.1 It is proposed to update guidance on how to plan for different types of need and that as part of a local plan that different housing needs should be disaggregated by different types of need (including older people, disabled people, self-build and affordable housing).

Comments

- 4.2 The NPPF already requires that authorities should plan for a mix of housing based on current and future demographic trends, market trends and the needs of different groups in the community.

- 4.3 The proposal to specifically disaggregate needs to different types of groups will have implications for the review of the submitted Local Plan in terms of resources and timetable.
- 4.4 It is to be hoped that any guidance published on how to determine future needs is clear and uses existing data sources where possible rather than being vague and open to interpretation, otherwise any time saved as a result of introducing the standard methodology will be lost.

5.0 PROPOSED APPROACH TO VIABILITY ASSESSMENT

- 5.1 It is proposed to amend national policy to require that plans should identify the infrastructure and affordable housing needed, how these will be funded and the contributions that developers will be expected to make.
- 5.2 The government is seeking views on whether changes to guidance are required to the way that plans are tested for viability.
- 5.3 It is proposed that housing associations and infrastructure providers be encouraged through guidance to become involved to inform plan making.
- 5.4 It is proposed that national policy will require authorities to set out in their plans how they will monitor, report on and publicise funding secured through S106 agreements and how it is spent using an open data approach.

Comments

- 5.5 The NPPF already requires that plans address issues related to affordable housing and the need for infrastructure. However, to require details about what funding is needed and what contributions developers will be expected to make risks introducing a level of detail and certainty which is difficult to achieve, and therefore whether it will really add to the quality of plans is questionable. There is a risk that plans will become out-of-date quite quickly, for example if there are changes in funding requirements or opportunities.
- 5.6 In addition, the resources required to prepare detailed Infrastructure Plans are very significant and it is questionable whether requiring this as part of a local plan is the correct approach.
- 5.7 On the issue of testing of viability assessments, it is considered that the current practice guidance could be improved through the provision of a more specific methodology as with the issue of housing need. This will help to make it easier to test the plan on the issue of viability.
- 5.8 The current practice guidance emphasises the use of generic assumptions on matters such as costs. Any move to more detailed considerations along the lines expected with an assessment which accompanies a planning application would be costly and time consuming, negating any benefits arising from having the standard housing methodology.
- 5.9 Without a requirement to become more involved in plan making, there is no guarantee that housing associations and other organisations would be willing, or able, to engage constructively. It is suggested that the government should, however, give serious consideration to ensuring that government agencies (e.g. the Environment Agency, Natural England) are instructed to become more actively involved than is currently the case and to do so at no cost to local authorities.