

Report to	Cabinet	Item 5
	08 November 2017	
Report of	Head of planning services	
Subject	Response to government consultation: Planning for the right homes in the right places	

Purpose

To raise awareness of the potential implications of the current government consultation on Planning for the right homes in the right places, and to agree a consultation response.

Recommendation

To submit this report as the response of Norwich City Council to the consultation.

Corporate and service priorities

The report helps to meet the corporate priority a prosperous and vibrant city, and a healthy city with good housing.

Financial implications

None

Ward/s: All Wards

Cabinet member: Councillor Stonard - sustainable and inclusive growth

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Background documents

None

Report

Introduction

1. The Department of Communities and Local Government has commenced a public consultation '[Planning for the right homes in the right places](#)' with an end date for responses of 9 November.
2. The Government committed in 2015 to providing one million new homes by 2020 and a further half million by 2022. The consultation proposals seek views on a number of changes to planning policy and legislation, some of which were foreshadowed in the Housing White Paper 'Fixing our Broken Housing Market' published in February 2017.
3. The stated purpose of the consultation is to enable local planning authorities to plan for the right homes in the right places by increasing transparency in the planning system, reducing bureaucracy, and tackling affordability. The consultation document includes a number of proposals described as seeking to achieve this including a proposed methodology for calculating local housing need, and a new statement of common ground to help improve how local authorities work together to meet housing and other requirements across boundaries. It also includes proposals in relation to planning for a mix of housing needs, neighbourhood planning, viability assessments, and planning fees.
4. This consultation will inform a revised National Planning Policy Framework (NPPF), to be published in early 2018 for a short consultation, with the intention of publishing a revised updated NPPF in Spring 2018.

Overview

5. The backdrop to the proposals contained in the consultation document would appear to be a growing recognition on the part of the government, as expressed in the Housing White Paper that the housing market is broken and structural change is needed to both the housing market and planning system to ensure that the country meets its own housing need. The most significant aspects of the consultation document effectively address strategic planning matters and seek to amend the approach to strategic planning that was introduced relatively recently by the previous coalition government through the Localism Act of 2011 which among other things sought to revoke Regional Spatial Strategies and introduce a "duty to co-operate" on strategic planning matters between local planning authorities.
6. The previous Regional Spatial Strategy (in this area The East of England Plan) had been adopted in May 2008 and had set out housebuilding targets and a strategic policy framework with which the local plan for Norwich needed to conform. The Plan was finally revoked in January 2013.
7. The relatively rapid recognition that the planning system introduced following the revocation of the regional spatial strategies is not fit for purpose and needs to be changed is welcome. However, it ought to be noted that merely introducing a standard methodology for calculating housing need at a district council level and seeking to strengthen the duty to co-operate does not in any

sense seek to introduce a meaningful strategic planning process into the UK planning system which will still sorely lack any form of plan seeking to provide consistent guidance on matters of infrastructure provision, economic development and housing to inform the preparation of Local Plans.

8. So overall, whilst some of the proposals in the consultation may be welcome in their own right, at present they are not considered to go far enough to actually deal with problems they purport to address.

Proposed approach to calculating housing need

9. This is arguably the most significant aspect of the consultation paper. The Housing White Paper argued that the existing approach to assessing housing need is too complex. This was itself a response to a recommendation by the Local Plans Expert Group for a simple mechanism for establishing housing need. The current approach is set out in the NPPF and planning guidance and involves definition of a housing market area and identification of 'objectively assessed need' (OAN) for market and affordable housing within this. Adjustment is then made for a number of issues including employment growth and market signals (for example local house prices). OAN is currently established through Strategic Housing Market Assessments (SHMAs) which can be costly and time consuming. Housing need calculations are often discussed at length at local plan examinations.
10. The proposed approach is intended to be a simplified, standard and transparent approach to assessing housing need. The proposal is a two-stage process. It involves:
 - a) setting the baseline for housing need, based on the national household growth projection for each local planning authority (LPA) area over a 10 year period (this is very largely based on the continuation of past trends);
 - b) then adjusting the figure upwards to respond to data on affordability. A calculation is proposed, which determines a level of uplift that seeks to ensure more homes are delivered in the locations where affordability is worst. The greater the affordability ratio between median house prices and median earning (the assumption starting point is a ratio of 4:1), the greater the uplift, with a cap set at 40% of the annual need figure.
11. The document illustrates this with an example: if house prices are 4 times median incomes in an area then there would be no upward adjustment to housing need, if prices were 8 times income then there would be a 25% adjustment, and if prices were 12 times income there would be a 50% adjustment.
12. The consultation encourages LPAs which wish to plan for a higher OAN to make an adjustment based on anticipated employment growth. If a local authority proposes a figure lower than the standard methodology the reasons for doing so will need to be tested through examination. For plans that are being produced jointly, the consultation is seeking views on whether national policy should be changed to allow LPAs to calculate their five year housing land supply for the area as a whole, and whether this approach could be extended to the operation of the Housing Delivery test as proposed in the Housing White

paper. This has some potential implications for the City and other urban areas, and could act as a discouragement for joint working. It would seem sensible rather than to prescribe that areas planning jointly be treated as single areas that this be determined on a case by case basis. In the case of Norwich it is noticeable that parts of the south of South Norfolk District lie outside the functional housing market area so it would appear perverse to accept a system that suggests delivery in this part of South Norfolk may be taken to meet needs arising in the City.

13. Transitional arrangements are proposed for cases where plans are being developed: where plans are submitted before 31 March 2018 or are at examination LPAs can continue with the current approach. Where there is no plan in place or where plans have been adopted more than 5 years ago, the new methodology should be used.
14. The Government has published the current housing needs figures for all local authorities across England (the proposals in the consultation do not apply elsewhere). Nationally this suggests that housing need over the next 10 years will be 265,936 net additional homes per annum. This appears to be an appropriate figure to plan for but it should be noted it will be ambitious to deliver. The latest government figures for house completions¹ record that in 2016/17 only 147,920 dwellings were completed.
15. To increase output of the English housing industry to the extent proposed is considered to require further intervention in the market alongside any revisions to the planning system and whilst some further measures were mooted in the Housing White Paper overall it is doubted whether these are sufficient to allow output to be increased to the extent required and further measures will be needed to ensure delivery. In particular it is considered that measures should be brought forward to allow local authorities to significantly increase the delivery of affordable housing and to challenge landowners who are not seeking to bring forward under used and vacant developable sites.
16. Locally the implications of the proposed methodology are set out in the table below. This compares the annual average build rates required by the new methodology, in current assessments of housing needs and in the previous east of England Plan. It should be noted that these need figures relate to different periods so may not be directly comparable.

Table 1 – comparison of indicative annual housing need figure with previous assessments of need in Norfolk

¹ See DCLG live table 213 permanent dwellings completed in England

Local Authority	Indicative Proposed methodology	Current assessment of needs through the SHMA	Previous proposed build rate through the RSS
Breckland	680	612	780
Broadland	528	391	700
Great Yarmouth	338	420	320
KLWN	525	670	630
North Norfolk	511	409	420
Norwich	602	724	710
South Norfolk	922	763	590
Norfolk	4106	3989	4160

17. The table clearly shows that at the County level the variation between the new methodology and previous assessments of need is minimal, however at the level of individual district the differences are significant. These differences appear to stem from the way affordability is dealt with at the local level. It is noticeable that under the proposed methodology the need figures are reduced in the Districts that contain the main urban areas in the County and significantly increased in the more rural Districts. The potential implications for Norwich are mitigated through the Greater Norwich Local Plan and when applied across the area of the proposed joint plan annual housing need rises through the new methodology from 1878 dwellings per annum (DPA) to 2052 dpa.

18. The proposed new methodology raise a number of issues / implications:

- a) The proposed standard methodology appears to be a crude approach which may not truly reflect household need. For example the methodology is based on household projections which are in turn based on past trends; this approach may not accurately reflect household need, for example in cases where there has been previous under-delivery of housing due to economic decline. Also, the proposed affordability uplift may be a reflection of high demand in some areas rather than local need. In addition the methodology does not consider vacancies, second homes and shared households. Overall whilst the level of provision proposed appears reasonable it is highly questionable whether the allocation to individual districts will support planning in what may reasonably be described as the right places.
- b) Clarification is also required on the types of housing included in the OAN under the new methodology. It is assumed that this includes all forms of housing including for older people, students etc (see the types of housing set out in paragraph 24 below) but this is not specifically stated.

- c) The proposed methodology only provides a dwelling requirement for a 10 year period. Clarification is required in planning in relation to housing need beyond a 10 year period (the current NPPF encourages planning ahead for around a 15 year period).
- d) There is uncertainty as to whether the proposed methodology will increase housing delivery. The methodology is expected to increase the housing need requirement nationally with the result that more land will need to be allocated overall. This is likely to lead to developers cherry-picking the most attractive sites, often greenfield, whilst leaving brownfield land undeveloped. This may result in those LPAs with a greater proportion of brownfield sites being penalised for under-delivery by the Housing Delivery Test. In addition, increased housing land supply in many areas may result in lower land prices which may in turn lead to landowners sitting on land waiting for prices to rise, again impacting on delivery.
- e) If plans are brought forward for shorter time periods to reflect the 10 year dwelling requirement proposed in the consultation (which may be reflected in the revised NPPF) this may reduce certainty for developers and local communities and may mean that larger more complex allocations cannot be included where their delivery within a 10 year period cannot be guaranteed. Again this may have implications for land supply and jeopardise the ability of some LPAs to maintain a five year land supply.
- f) Nationally, the proposed new methodology is likely to encourage local authorities with emerging plans to rush them through to submission before 31 March 2018 where possible, with risk of additional work being required at examination stage. Other LPAs may delay their plans while they consider the implications for site allocations and some may challenge the projections.

Statement of Common Ground

- 19. The consultation document states that the Duty to Cooperate (DtC) is not working effectively and is one of the main reasons for plans not being found sound at examination. Some of the issues identified are: the lack of transparency on how effectively LPAs are working together; the fact that cooperation is only tested at the end of the plan process and not before; and the fact that there is no legal requirement for agreement between LPAs.
- 20. The Government sees statements of common ground (SOCG) as helping meet and demonstrate compliance with the DtC. The function of the SOCG is for it to set out how groups of authorities intend to work together on strategic matters, especially on meeting housing needs, and to provide a record of outcomes. All LPAs are required to have SOCGs in place within 12 months of publication of revised NPPF, ie by Spring 2019, but the consultation sets out the expectation that an outline Statement should be in place within 6 months of the publication of the NPPF.
- 21. SOCGs are expected to cover the housing market area or other agreed geographical area. They are intended to be the means to an end of effective cooperation, not an end in themselves. The value of a SOCG will be in identifying strategic matters that need to be resolved at an early stage, and any additional cross-boundary issues to be addressed, and for this to be regularly

updated. Some LPAs may be in more than one SOCG where their area crosses housing market area boundaries.

22. The consultation proposes amendment to the tests of soundness, so that they require plans to be prepared based on a strategy informed by agreement over the wider area, and they should be based on effective joint working on cross-boundary strategic priorities which are evidenced in the SOCG.
23. The proposals are likely to increase the pressure to genuinely resolve strategic issues and tend to move closer to a 'duty to agree', not merely to cooperate. In practice, the fact that the Norfolk local authorities have recently published a draft Norfolk Strategic Framework for consultation, with a view to publishing the final draft in early 2018, means that the new provision of SOCG is unlikely to raise any significant issues for Norfolk LPAs.

Other proposals in the consultation document

24. **Planning for a mix of housing:** It is proposed that plan makers should disaggregate total housing need into the overall need for different types of housing (including older and disabled people, families with children, affordable housing, self-build housing, student accommodation, travellers who have ceased to travel, and the private rented sector). Local plans will need to demonstrate how needs are met. However no methodology is suggested. This may have the effect of negating much of the saving from the introduction of the new standard methodology for housing need as much of the evidence currently in strategic housing market assessments will still need to be produced.
25. **Neighbourhood planning:** It is proposed that national policy will be amended to require LPAs to provide neighbourhood planning groups with a housing need figure for neighbourhood planning purposes, where needed. The proposal is that LPAs do this by making a reasoned judgment based on the settlement strategy and housing allocations in the local plan, so long as the local plan is sufficiently up to date. Where plans are out of date the suggested approach is to use the national housing need calculation aggregated down to local level based on population levels. Although not an immediate risk in Norwich due to the existing local plan, this proposed approach appears to carry significant risks in urban areas in the absence of any recognition that it will be necessary to identify capacity of areas or appropriate densities.
26. **Viability:** A standardised approach is proposed to how viability is used in plan making and decision-taking, including what issues should be tested, and proposing greater transparency on how viability assessments are used. In order to make clear how key strategic priorities need to be planned for and delivered the government propose that LPAs should set out the types and thresholds for affordable housing contribution required; the infrastructure needed to deliver the plan; and expectations for how these will be funded and the contributions developers will be expected to make. For decision-taking, where policy requirements have already been tested for their viability, the issue should not usually need to be tested again at the planning application stage.
27. On the issue of viability it is considered that whilst there may be considerable merit in seeking to introduce a more standardised and transparent approach to how viability is assessed in the planning system, there is insufficient detail in

the consultation paper to enable a meaningful response to be made and further consultation will be needed on the detail of any proposed standard methodology.

28. Planning fees: The Housing White Paper stated the government's intention to increase nationally set planning fees by 20% for authorities who commit to invest the additional fee in improving productivity of planning services. Norwich City Council agreed to this earlier in the year; it is anticipated that the introduction of the new fees which was originally promised before the summer will be in place by the end of the year (the draft regulations for the fee increase for England have now been laid before Parliament). The current consultation asks for suggestions about appropriate criteria for how a further increase on planning application fees could be applied in areas who are delivering the homes their communities need. It is difficult to suggest appropriate criteria for how this would be applied at this stage. Whilst it may be straightforward to apply any uplift to an authority where delivery is occurring at a rate greater than the OAN calculated by the standard methodology this would appear to be overly crude and not reflect the fact that there is a greater correlation between the strength of the market and rates of delivery than the grant of planning permission. As a result any uplift of planning to reflect delivery would seem more likely to benefit authorities in more prosperous areas rather than actually increase rates of delivery.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Cabinet
Committee date:	8 November 2017
Director / Head of service	Graham Nelson
Report subject:	Response to Government consultation: Planning for the Right Homes in the Right Places
Date assessed:	23 October 2017
Description:	Members are asked to agree that this committee report is submitted as the response of Norwich City Council to the consultation.

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	No impact identified.

Recommendations from impact assessment

Positive

Negative

Neutral

Issues

The recommendation to submit this report as the council's response to the consultation will not have any direct impacts as set out above.