

MID SUFFOLK DISTRICT COUNCIL

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| From: Councillor David Whybrow, Cabinet Member for Planning | Report Number: MCa/17/26 |
| To: Mid Suffolk Cabinet | Date of meeting: 6 November 2017 |

CONSULTATION RESPONSE TO 'PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACES: CONSULTATION PROPOSALS'

1. Purpose of Report

1.1 The purpose of this report is to:

- a) Present and describe the Government's proposals as set out in their consultation titled 'Planning for the Right Homes in the Right Places: Consultation Proposals';
- b) Identify the potential implications in relation to Babergh and Mid Suffolk districts and the District Councils, and the production of the Babergh and Mid Suffolk Joint Local Plan;
- c) Provide recommendations and seek agreement on the Councils' response to the consultation.

Reason for Decision: In order that Cabinet are aware of the content and potential implications of the Government's consultation titled 'Planning for the Right Homes in the Right Places: Consultation Proposals' (and accompanying documents), and in order that Cabinet endorse the response to the consultation.

2. Recommendations

- 2.1 That Cabinet note the content and potential implications of the Government's consultation titled 'Planning for the Right Homes in the Right Places: Consultation Proposals' (and accompanying documents);
- 2.2 That Cabinet endorse the recommended response to the consultation (as contained in Appendix 1).

The Committee is able to resolve this matter.

3. Financial Implications

- 3.1 Responding to this consultation does not raise any direct financial implications other than those associated with officer time in responding to the consultation. Any financial implications for the Councils arising from any resultant future changes to national planning policy would need to be considered in due course.

4. Legal Implications

4.1 Responding to this consultation does not raise any direct legal implications. Any legal implications for the Councils arising from any resultant future changes to national planning policy would need to be considered in due course.

5. Risk Management

5.1 This report is most closely linked with the Council's Significant Risk Numbers 1a – If we do not have an up to date understanding of housing need and demand, then we may not know if we are meeting it, 1b – If we do not have a sufficient, appropriate supply of land available in the right locations, then we may be unable to meet housing needs in the district and 1e – If there is an insufficient local supply of appropriate homes for the ageing population, then our communities may experience a reduced quality of life, there will be cost implications to the public sector and there will be a reduced turnover in housing stock. Key risks are set out below:

| Risk Description | Likelihood | Impact | Mitigation Measures |
|---|--------------|---|---|
| Housing Delivery - having the right evidence base. If the Government's proposals are introduced, there is a risk of the proposed national method of identifying housing need not reflecting the Districts' circumstances. | 3 – Probable | 3 – 'bad' – should the methodology result in the housing numbers planned for not reflecting need. | Responding to this consultation provides an opportunity to influence the new proposed method of calculating housing need. |
| Housing Delivery - meeting housing needs. If the Government's proposals are introduced, there is a risk of not being able to deliver the housing needed under the proposed method. | 3 – Probable | 3 – 'bad' – should the housing number not be deliverable. | Responding to this consultation provides an opportunity to influence the new proposed method of calculating housing need. |
| Housing Delivery – supply of appropriate homes for the ageing population. If there are changes to the way in which needs for housing for the ageing population are identified, this may | 2 - Unlikely | 3 – 'bad' – should it be difficult to identify and plan for homes to meet the needs of the ageing population. | The consultation states that the Government wishes to make it easier for local authorities to identify needs for housing for older people. Responding to this consultation |

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| affect future supply. | | | provides an opportunity to influence how the needs for housing for the ageing population are identified. |
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6. Consultations

- 6.1 Internal consultation has taken place with Development Management, Housing and Infrastructure officers within Babergh and Mid Suffolk District Councils.

7. Equality Analysis

- 7.1 An Equalities Impact Assessment has been undertaken. This identifies the potential for impacts in relation to the Government's proposals for identifying housing mix, which are unknown at this stage until further details are published. It is noted that the proposals in relation to the standard approach for calculating housing need seems to generally affect rural areas and urban areas differently.

8. Shared Service / Partnership Implications

- 8.1 Whilst the Councils are producing a Joint Local Plan and there are potential implications arising from the Government's consultation in relation to this, there are no direct Shared Service or Partnership Implications arising from this report.

9. Links to Joint Strategic Plan

- 9.1 Responding to this consultation links to the Joint Strategic Plan outcome relating to Housing Delivery, in particular through seeking to ensure that the right amount and type of homes are planned for and delivered in the Districts. Responding to the consultation also links with the Joint Strategic Plan outcome of an enabled and efficient organisation in relation to the aspect of the consultation relating to planning fees.

Key Information

10. Background

- 10.1 In February 2017 the Government launched a consultation on the Housing White Paper 'Fixing our Broken Housing Market'. The Housing White Paper set out a number of proposals on changes to national housing policy including some proposals related directly to planning, with the intention that the details around these would be followed up with further consultation and amendments to the National Planning Policy Framework (NPPF).
- 10.2 The Councils submitted a response to the Housing White Paper consultation and this response can be viewed at <http://www.babergh.gov.uk/assets/The-Council/Consultations/Final-responses-FTBHM-28.4.17.pdf> and <http://www.midsuffolk.gov.uk/assets/The-Council/Consultations/Final-responses-FTBHM-28.4.17.pdf>.

11. Consultation

11.1 On 14th September 2017, the Government launched its consultation entitled 'Planning for the Right Homes in the Right Places: Consultation Proposals'. This consultation follows on from the earlier consultation on the Housing White Paper by setting out the detail in relation to a number of the earlier proposals. The consultation is open until 11:45pm on Thursday 9th November.

11.2 The consultation can be viewed at <https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>. The consultation comprises three documents:

- Planning for the right homes in the right places: consultation proposals
- Housing need consultation data table;
- Comprehensive registration programme: priority areas for land registration.

These will be referred to where relevant during the remainder of the report.

11.3 The consultation covers the following topics:

- Proposed approach to calculating the local housing need;
- Statement of Common Ground
- Planning for a Mix of Housing Needs
- Neighbourhood Planning
- Proposed Approach to Viability Assessment
- Planning Fees
- Other Issues (build out, prematurity and an opportunity to review other Housing White Paper responses).

11.4 Each of these will be considered in turn below, along with a consideration of the implications for Babergh and Mid Suffolk districts and the District Councils, and a recommendation in relation to the Councils' response in relation to the questions contained in the consultation proposals document. The consultation includes a questionnaire for responding, including options to answer 'yes', 'no', 'not sure/don't know' and to provide comments. The proposed full responses to the consultation are contained within **Appendix 1** of this report.

12. Proposed approach to calculating the local housing need

12.1 Members will be aware that the Councils have recently identified the housing needed (currently referred to as 'objectively assessed need' in the NPPF) over the period 2014 – 2036 through the production of the Strategic Housing Market Assessment (SHMA) which is a key piece of evidence underpinning the new Joint Local Plan. The SHMA was produced by Peter Brett Associates and follows the current policy and guidance on identifying housing need as set out in the NPPF and the accompanying Planning Practice Guidance. The SHMA is published on the Councils' websites at <http://www.babergh.gov.uk/planning/planning-policy/evidence-base/current->

[evidence/](#) and <http://www.midsuffolk.gov.uk/planning/planning-policy/evidence-base/current-evidence/>.

- 12.2 The Housing White Paper stated that the Government would consult on options for introducing a standardised approach to assessing housing requirements. The Councils' response to this stated that as a principle the proposal for a standardised approach to assessing housing requirements was supported however this would depend upon the extent to which the new methodology is prescriptive and that there should be scope for certain considerations to be made at the local level.
- 12.3 The proposals relating to a standardised approach to calculating housing need form a substantial part of the consultation and are accompanied by a spreadsheet within which housing need has been calculated for each local authority using the proposed method (this is the consultation document titled 'Housing need consultation data table'). The proposed calculation method is outlined below:
1. The Office for National Statistics' latest household growth projections would form the demographic baseline. These are usually published approximately every two years. The baseline should be the annual average household growth over a ten year period.
 2. A formula would be applied to provide an 'uplift' for affordability. Under the formula, a percentage increase would be applied to the household growth projections based upon the Office for National Statistics published ratios of the median earnings of those working in the district to median house prices. The formula essentially results in a 25% increase above projected household growth for every four points above an affordability ratio of four (so for example where there is an affordability ratio of 8 there would be a 25% increase).
- 12.4 The table below shows the outputs of this calculation for Babergh and Mid Suffolk, and also provides a comparison of the resultant housing need against the need identified through the SHMA.

| | SHMA (2014- 2036) | Proposed method (2016-2026) (As per published spreadsheet) | | |
|--------------------|-------------------------|---|------------------------|----------------------------------|
| | | DCLG projected household growth per annum (average) | Affordability ratio | Need (dwellings per annum) |
| Babergh | 355 | 301 | 11.27 | 439 |
| Mid Suffolk | 452 | 437 | 8.95 | 573 |

- 12.5 Proposals are set out in relation to a cap on the level of increase. This would be set at 40% above the current annual requirement where a local authority has adopted its plan in the last five years. For authorities who have a plan adopted over five years ago, the cap would be set at 40% above whichever is higher of the projected household growth over the plan period or the annual housing need figure in the current local plan. For subsequent reviews, the cap would be set at 40% above the number of new homes being planned for in the extant local plan at the time.
- 12.6 The consultation states that local authorities may opt for a greater housing number than that identified under the proposed new method, for example where they wish to

secure greater levels of economic growth or deliver a strategic infrastructure project, but that there should be very limited grounds for adopting a lower number and where this is the case the reasons would be rigorously tested through the Local Plan examination.

- 12.7 The approach relates to calculating need at the local authority level. The consultation document states that this shifts the focus away from housing market areas. However, it is proposed that if joint plans are being produced then the calculation should be the sum of need identified for the area as a whole, and it will be for authorities to distribute this need across the area.
- 12.8 Transitional arrangements are proposed. Under these, where an emerging local plan has not been submitted for Examination before 31st March 2018 (or before the revised NPPF is published, whichever is later), it is proposed that the new methodology would be applied to the new local plan. For authorities that do not have an 'up to date' local plan (defined in this consultation as being adopted within the last five years), the consultation refers back to the Housing White Paper's proposals for the need calculated under the new method to be applied to five year supply calculations. The consultation proposes that this would be introduced from 31st March 2018.
- 12.9 Alongside these proposals around calculating housing need, the consultation re-states the Housing White Paper proposals that all publicly held land in areas of greatest housing need should be registered with HM Land Registry by 2020. Areas of greatest housing need are identified in the document 'Comprehensive registration programme: priority areas for land registration' and are based upon the new approach to calculating housing need and areas with the greatest percentage of land which is not registered with the Land Registry. Babergh and Mid Suffolk are identified in a list of around 50 local authorities. For these areas the proposal is for all publicly held land to be registered by 2020.

Implications and response

- 12.10 The effect of the proposed new method is to raise, not insignificantly, the housing need requirement for both Districts. Whilst there are real benefits to the Councils in having a simpler methodology for calculating housing need, in terms of both cost and time, the proposed approach appears rather simplistic and questions are raised over the 'realism' attached to the outputs. At the national level, the method generally results in an increase in numbers in rural areas and in the south of the country, and a decrease in urban areas and in the north of the country.
- 12.11 Office for National Statistics' data shows that in 2016 the median earnings of residents were higher than the median earnings of those working in Babergh and Mid Suffolk. This is relevant because Babergh and Mid Suffolk sit within wider travel to work areas which are not taken into account in the proposed approach to calculating housing need. Taking account of travel to work areas, amongst other factors, Babergh and Mid Suffolk sit within a Housing Market Area and Functional Economic Area with Ipswich Borough Council and Suffolk Coastal District Council as defined through the Strategic Housing Market Assessment (2017) and the Employment Land Needs Assessment (2016) respectively. It is therefore considered more appropriate to apply an approach which would reflect the fact that travel to work areas are not constrained to District / Borough boundaries.

- 12.12 A 'market signals' uplift for Babergh and Mid Suffolk was applied through the production of the Strategic Housing Market Assessment and was based upon a wider range of factors including house price increase and past delivery. This concluded a 15% uplift for Babergh and a 10% uplift for Mid Suffolk. The proposed approach equates to a 46% and 31% uplift respectively over household growth projections, considerably higher than that reached through a reasoned judgement as part of the SHMA. It is therefore considered that the proposed approach is too arbitrary and, considering outputs across the country, is questionable in its ability to actually determine the number of houses needed.
- 12.13 A key issue for the Councils is deliverability. The proposed approach does not take into account the likelihood or potential of the figures being delivered. In Babergh and Mid Suffolk, over recent years delivery has fallen below current housing requirements. The implications of a higher housing need figure would potentially render it more onerous for the Councils to maintain a five year supply and therefore to confidently sustain a planned approach to growth. A higher housing number will not in itself deliver more homes on the ground.
- 12.14 The setting of a cap on the level of increase that the new method represents is welcomed in principle. However, the new numbers produced for both Babergh and Mid Suffolk are below the cap yet still represent a significant increase on current housing requirements and the recently established objectively assessed need. It is considered more appropriate to establish how the increase relates to supply and the potential for delivery.
- 12.15 The use of the average household growth over a ten year period has the effect of raising the housing need, when compared to applying the standard method to projected households over the plan period. This may potentially lead to the Councils artificially planning for more homes than are in fact needed over the plan period and it is therefore considered that whatever standard approach is applied this should relate to the plan period, not to projecting forward the growth anticipated in the next ten years.
- 12.16 The proposed transitional arrangements may have implications for the production of the new Babergh and Mid Suffolk Joint Local Plan. The Councils are aiming to produce the Joint Local Plan within a challenging timescale and are currently undertaking consultation under Regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 2012, with an aim to have the plan adopted in spring 2019. Following the current consultation the Councils intend to progress swiftly to Regulation 19 consultation (publication) and it is considered that proposals to amend the NPPF and to publish revised policy in spring 2018 may delay progress in reaching this stage. There may also be implications arising from the proposal that where joint plans are being produced the calculation of housing need should be undertaken across the whole area, with distribution being a matter for that plan. This may represent a different starting point to that of the current Joint Local Plan consultation.
- 12.17 The proposed transitional arrangements imply that for Mid Suffolk the new figure would be used for the purposes of calculating five year supply from 31st March 2018. This is because at that point in time the Local Plan for Mid Suffolk would have been adopted over 5 years previously, and the consultation defines an up to date plan as one which has been adopted in the last five years. Whilst it is accepted that the

Council's five year supply position is currently 3.9 years based upon either the Core Strategy housing requirement or the SHMA objectively assessed need, the transitional arrangements would have further impact upon the five year supply position. The transitional period does not allow the Councils time to put plans in place to address the supply position, which should be achieved through the process of producing the new Joint Local Plan, and therefore these arrangements should not apply where local plans are being produced. This transitional arrangement would not apply immediately in Babergh where the Core Strategy is less than five years old.

13. Statement of Common Ground

- 13.1 Under the Localism Act 2011, local planning authorities have a 'Duty to Co-operate' with other specified bodies on strategic planning matters. The consultation proposals identify that failing the Duty to Co-operate is one of the most regular reasons for plans being found unsound by the Planning Inspectorate. In particular the consultation notes issues around a lack of transparency in the early stages of plan production, the duty is only tested at Examination at which point failures cannot be remedied and there is no requirement to reach an agreement on issues.
- 13.2 As referred to in the earlier Housing White Paper, the Government is proposing to introduce Statements of Common Ground. Fundamentally, this expands the duty beyond co-operation and towards reaching agreement over how to address strategic matters. The statements would be produced over the Housing Market Area (or other agreed geography where justified and appropriate). For Babergh and Mid Suffolk the main geography over which a Statement of Common Ground would be produced would be across the Ipswich Housing Market Area, which also comprises Ipswich Borough Council and Suffolk Coastal District Council.
- 13.3 It is proposed that the Statement of Common Ground will set out cross-boundary matters, including the housing need for the area, the distribution and any shortfalls. The consultation proposes that local authorities would only need to be signatories in relation to strategic matters that are relevant to them, and that they can be signatory to more than one statement.
- 13.4 It is proposed that Statements of Common Ground are reviewed and updated at key milestones in the production of a local plan, including consultation, publication, submission and adoption. The consultation also proposes that Statements of Common Ground could be submitted as supplementary evidence of co-operation when applying for strategic infrastructure investment.
- 13.5 The consultation proposes that an outline statement would be in place within 6 months of the publication of the revised NPPF, with a full statement in place 12 months after publication of the revised NPPF, as follows:

Six months after publication of the policy in a revised National Planning Policy Framework

- The geographical area covered by the statement, and justification for the area
- Key strategic cross-boundary matters being addressed by the statement, including housing need for the area, and housing targets in any adopted plans (where known), and proposals for meeting any shortfalls
- Primary authorities responsible for the statement, and list of additional signatories (including matters to which each is signatory)

- Governance arrangements for the co-operation process, including how the statement of common ground will be maintained and kept up to date

After twelve months, the statement of common ground should also include (in addition to the above):

- Process for agreeing the distribution of housing need (including unmet need) across the wider area, and agreed distributions (as agreed through the plan-making process)
- A record of whether agreements have (or have not) been reached on key strategic matters
- Any additional strategic cross-boundary matters to be addressed by the statement which are not already addressed

It is proposed that there will be an addition to the tests of soundness to include a requirement for plans to be based on agreements over the wider area and based on effective joint working on cross-boundary strategic priorities.

Implications and response

- 13.6 The Councils are already actively engaging on strategic matters with adjoining Councils, Suffolk County Council and other bodies through the Duty to Co-operate. The production of a Statement of Common Ground would require the authorities to document this engagement in a more transparent manner and throughout the production of the Joint Local Plan.
- 13.7 However, officers would be concerned should the proposals for agreements to be reached through the Statement of Common Ground overlap with activities that should rightfully be carried out through the development of strategy and policy in the local plan. In particular, there are references to the Statement of Common Ground being a mechanism for agreeing proposals for meeting any shortfalls in housing need. Distribution of housing should be informed through consultation and Sustainability Appraisal. Nevertheless, the Statement of Common Ground would provide a useful mechanism for documenting and agreeing processes and for recording outcomes which have been taken forward through local plans.
- 13.8 A Statement of Common Ground would need to be produced between Babergh and Mid Suffolk Councils and Ipswich Borough Council, Suffolk Coastal District Council and Suffolk County Council. There is already a well-established working relationship with these Councils through the Ipswich Policy Area Board, albeit that this relates to the more tightly defined geography around Ipswich. It is considered that the timescales proposed align with the production of the Joint Local Plan, however it may be that the move towards reaching agreement over strategic issues would mean that the timescales of the local plans being produced by these local authorities would need to be more closely aligned than at present. The Councils may also need to be signatory to other Statements of Common Ground where other strategic matters exist.

14. Planning for a mix of housing needs

- 14.1 The consultation proposes to make it easier for local authorities to identify the mix of housing needed. The mix of housing types needed in Babergh and Mid Suffolk has been identified through the Ipswich and Waveney Housing Market Areas Strategic Housing Market Assessment (2017) (SHMA) and the Gypsy, Traveller, Travelling

Showpeople and Boat Dwellers Accommodation Needs Assessment (2017). Current national policy and guidance has been followed when undertaking these assessments. Through the SHMA the total housing need was disaggregated by size and tenure through a modelling process.

- 14.2 The consultation does not propose any specific approach to identifying the mix of housing need. However, it does state that the intention is to streamline the process and to avoid the evidence gathering stage being time consuming and disproportionate.
- 14.3 The Neighbourhood Planning Act 2017 introduced a requirement for the Secretary of State to issue guidance for local planning authorities on how their local plans should address housing needs that result from old age or disability. The consultation asks whether the definition of older people should be amended. The current definition is contained in Annex 2 of the NPPF and states 'People over retirement age, including the active, newly-retired through to the very frail elderly, whose housing needs can encompass accessible, adaptable general needs housing for those looking to downsize from family housing and the full range of retirement and specialised housing for those with support or care needs.'

Implications and Response

- 14.4 The proposed method of calculating housing need does not appear to lend itself to being easily disaggregated by size and tenure. The Councils would therefore expect the Government to supply sufficient data to Councils to enable them to identify the mix of housing related to the housing figure arrived at through the new standard approach. The Councils would expect the Government to consult on the details of this. The Councils would expect that the housing mix identified in the SHMA would form the starting point for identifying the mix associated with a higher number.
- 14.5 It is considered that, in terms of planning for certain types of housing, whilst age can be a good indicator of the extent of need for certain types of dwellings (such as accessible dwellings or bungalows) there is also a need to consider how such housing types may also help to address the needs of other groups such as those with disabilities or families with children.

15. Neighbourhood Planning

- 15.1 It is proposed that planning authorities will be expected to provide Neighbourhood Plan groups with a housing need figure. This would be based on a reasoned judgement based on the settlement strategy and housing allocations, where there is an up to date local plan or a plan close to adoption. Where a local plan is out of date, it is proposed that the overall housing need figure calculated under the new methodology would be apportioned to parishes based upon population. The consultation asks whether local plans should be required to identify a housing figure for Parishes.
- 15.2 The Housing White Paper introduced the concept of providing neighbourhood planning groups with a housing number for their area. The Councils' response to the consultation stated that if this was introduced it would be necessary for need to relate to District-wide need rather than local needs identified solely within that area.

Implications and Response

- 15.3 The Councils are working closely with a number of neighbourhood planning groups on the production of their Neighbourhood Plans. Regard can be given to the relationship with the settlement hierarchy when considering whether a Neighbourhood Plan meets the requirement to be in conformity with the strategic policies of the local plan. Providing a housing figure to Neighbourhood Plan areas based upon a simple apportionment of the total need for the District would pre-empt, and not necessarily reflect, the spatial strategy as yet to be defined in the new Joint Local Plan.
- 15.4 As a principle, it is considered to be particularly onerous for a local plan to identify housing needs at the Parish level. This is not simply a case of dividing the needs for each classification of settlement, but would also require judgement to be made on the supply of sites and on likely windfall rates at a Parish level. It is considered more appropriate for the approach in a Neighbourhood Plan to be considered in terms of its overall relationship to the strategic policies of the local plan.

16. Proposed Approach to Viability Assessment

- 16.1 The consultation sets out a number of proposals around reducing complexity and uncertainty in relation viability including:
- proposing a requirement for local plans to set out the types and thresholds for affordable housing contributions and the infrastructure needed to deliver the plan, and how expectations for how these will be funded and the contribution developers will be expected to make;
 - proposing that where policy requirements have been viability tested, this should not be re-tested at planning application stage;
 - seeking views on how to make viability assessments simpler, quicker and more transparent;
 - proposals for monitoring, reporting on and publicising funding secured through S106 agreements.

Implications and Response

- 16.2 In relation to the production of the Joint Local Plan, the Councils are intending to identify the key infrastructure required to deliver the plan through the production of an Infrastructure Delivery Plan which will sit alongside the Joint Local Plan. The Councils also intend to maintain policies relating to the requirement for affordable housing. It is therefore considered that in principle this proposal raises no concerns. This is subject to the level of detail that is required within the local plan, as ultimately the need for infrastructure associated with new development will arise as and when development takes place which is usually the result of market decisions.
- 16.3 Infrastructure capacity and costs change over time. It is essential to consider viability as part of the production of a local plan in order to demonstrate that the policies and allocations are deliverable. However, without the ability to revisit this at the planning application stage there is the potential for sites to become unviable. Equally, there may be unintended consequences of the proposal resulting in infrastructure and policy requirements being relaxed at the policy stage in order to ensure that proposals would all be viable at the planning application stage.

17. Planning Fees

- 17.1 Referring to the proposal in the Housing White Paper to increase planning application fees for local planning authorities who are delivering the housing needed, the consultation asks questions around the criteria that should be applied.

Implications and Response

- 17.2 An approach which links an ability to seek an increased fee directly with whether the number of homes being delivered meets the housing requirement does not reflect the challenging financial climate which many local planning authorities face, nor does it reflect the quality of decision making or quality of service.

18. Other issues

Build out

- 18.1 The consultation asks whether there are any further actions, additional to the Housing White Paper, to increase build out rates.

Implications and Response

- 18.2 As stated earlier in this report, the approach to calculating housing need put forward through this consultation does not consider the likelihood of deliverability. The Councils support the introduction of measures to support delivery such as the Housing Infrastructure Fund. The Councils would wish to see that criteria for funding places weight on supporting bids submitted by Councils identified as being in the greatest housing need as set out in the comprehensive registration programme: priority areas for land registration' document which forms part of this consultation. The Government could consider further measures to assist with delivery of projects where issues such as heritage or decontamination are having an impact on viability, through for example tax incentives.

Prematurity

- 18.3 The consultation proposes to include policy in the revised NPPF setting out the circumstances in which an application may be refused on grounds of prematurity. This is currently set out in the national Planning Practice Guidance and the consultation proposes to instead set this out in the NPPF as policy.

Implications and Response

- 18.4 The Councils have no comments to make on the proposal to transfer the guidance from the Planning Practice Guidance to the NPPF.

Appendices

| Title | Location |
|--|----------|
| 1. Schedule of proposed responses | Attached |

19. Background Documents

Planning for the Right Homes in the Right Places: Consultation Proposals (Department for Communities and Local Government, September 2017)

<https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>.

Fixing our Broken Housing Market – Housing White Paper (Department for Communities and Local Government, February 2017)

<https://www.gov.uk/government/publications/fixing-our-broken-housing-market>

Ipswich and Waveney Strategic Housing Market Assessment Part 1 (Peter Brett Associates, May 2017)

<http://www.babergh.gov.uk/assets/Strategic-Planning/Current-Evidence-Base/Ipswich-and-Waveney-Housing-Market-Areas-Strategic-Housing-Market-Assessment-Part-1-May-2017.pdf>

Ipswich and Waveney Strategic Housing Market Assessment Part 2 (Peter Brett Associates, May 2017)

<http://www.babergh.gov.uk/assets/Strategic-Planning/Current-Evidence-Base/SHMA-Pt2-Sept-2017-2.pdf>

Authorship:

Andrea McMillan
Senior Policy and Strategy Planner

Tel. 01473 825881

Email:
andrea.mcmillan@babermidsuffolk.gov.uk

Appendix 1

Schedule of proposed responses

Proposed approach to calculating the local housing need

Question 1:

a) do you agree with the proposed standard approach to assessing local housing need? If not, what alternative approach or other factors should be considered?

The Councils commissioned a Strategic Housing Market Assessment which identifies housing need based upon consideration of factors relevant to the districts and the Ipswich Housing Market Area, including demographic trends and market signals, following the guidance contained in the NPPF and the PPG.

In principle, the Councils support proposals to ease the process of identifying a housing need figure. However the following issues are raised with the proposed method:

Ten year average household growth:

A new Joint Local Plan is being prepared for Babergh and Mid Suffolk over the period 2014 – 2036. For Babergh and Mid Suffolk, there is a significant difference in the resultant housing need when using the annual average household growth calculated over a ten year period when compared to the annual average calculated over the Joint Local Plan period of 2014 – 2036, as set out below:

| | Annual housing need (using 2016 – 2026 average) | Annual housing need (using 2014 – 2036 average) |
|-------------|---|---|
| Babergh | 439 | 404 |
| Mid Suffolk | 573 | 526 |

Notwithstanding other concerns raised in relation to the methodology, it is considered that applying a methodology to the period covered by the plan being produced would provide a more realistic account of the total new homes required over that time.

Household projections:

The use of the average household growth over a ten year period has the effect of raising the housing need for Babergh and Mid Suffolk districts, when compared to applying the standard method to projected households over the plan period. This may potentially lead to the Councils artificially planning for more homes than are in fact needed over the plan period and it is therefore considered that whatever standard approach is applied this should relate to the plan period, not to projecting forward the growth anticipated in the next ten years.

Ratio of median workplace earnings to median house prices:

Office for National Statistics' data shows that in 2016 the median earnings of residents were higher than the median earnings of those working in Babergh and Mid Suffolk¹. This is relevant because Babergh and Mid Suffolk sit within wider travel to work areas which is not taken into account in the proposed approach to calculating housing need. Taking account of travel to work areas, amongst other factors, Babergh and Mid Suffolk sit within a Housing

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Market Area and Functional Economic Area with Ipswich Borough Council and Suffolk Coastal District Council as defined through the Strategic Housing Market Assessment (2017) and the Employment Land Needs Assessment (2016) respectively. It is therefore considered more appropriate to apply an approach which considers affordability having regard to the relationship between where people live and where they work.

Uplift:

At the national level, the method generally results in an increase in numbers in rural areas and in the south of the country, and a decrease in urban areas and in the north of the country. This pattern appears to be reflected across Suffolk and also in relation to authorities with similar characteristics to Babergh and Mid Suffolk.

A 'market signals' uplift for Babergh and Mid Suffolk was applied through the production of the Strategic Housing Market Assessment and was based upon a wider range of factors including house price increase and past delivery. This concluded a 15% uplift for Babergh and a 10% uplift for Mid Suffolk. The proposed approach equates to a 46% and 31% uplift respectively over household growth projections, considerably higher than that reached through a reasoned judgement as part of the SHMA. It is therefore considered that the proposed approach is too arbitrary and, considering outputs across the country, is questionable in its ability to actually determine the number of houses needed.

Delivery:

The proposed approach does not take into account the realism of the figures being delivered. In Babergh and Mid Suffolk, over recent years delivery has fallen below current housing requirements. The implications of a higher housing need figure would potentially render it more onerous for the Councils to maintain a five year supply and therefore to sustain a planned approach to growth. The Councils acknowledge that the Government proposed measures through the Housing White Paper to support and facilitate delivery, but the Councils would be concerned about higher numbers being set prior to measures around delivery being proven. In relation to this, it is considered that those authorities that have been identified in the list of authorities in 'greatest housing need' should be prioritised for any support from Government for housing delivery.

Cap:

The setting of a cap on the level of increase that the new method represents is welcomed in principle. However, the new numbers produced for both Babergh and Mid Suffolk are below the cap yet still represent a significant increase on current housing requirements and the recently established objectively assessed need, It is considered more appropriate to consider how the increase relates to supply and the potential for delivery.

b) how can information on local housing need be made more transparent?

The Councils support the proposal for information on local housing need to be made more transparent. This can be done by ensuring that the total figure and annual figure(s) are clearly expressed within local plans where they can be viewed alongside relevant policy. Inspectors can advise on this through the local plan examination process.

Question 2: *do you agree with the proposal that an assessment of local housing need should be able to be relied upon for a period of two years from the date a plan is submitted?*

In order that plan production is not delayed, it is considered that should a standard methodology be introduced then an assessment of local housing need should be able to be

relied upon from the point at which a local planning authority publishes its local plan under Regulation 19 of the Town and Country Planning (Local Planning) (England) Regulations 2012, at the latest. This would ensure that plans can move swiftly to Examination, and will provide certainty for communities that the number will not continuously change throughout the production stages.

Further, provisions should be in place to ensure that a local plan does not become out of date after adoption (for a set period of five years) on the basis that new household growth projections are published. This again would ensure that communities are provided with certainty over the growth that will take place, and aligns with the Government's proposal in paragraph 35 of the consultation that local plans should be reviewed every five years.

Question 3: *do you agree that we should amend national planning policy so that a sound plan should identify local housing need using a clear and justified method?*

Proposals to create a simplified methodology are supported in principle, however the Councils have concerns regarding the method proposed as outlined above.

Question 4: *do you agree with our approach in circumstances when plan makers deviate from the proposed method, including the level of scrutiny we expect from Planning Inspectors?*

It would be helpful to set out the circumstances under which deviation from the standard approach would be considered. It is suggested that this would include considerations around supply, environmental constraints and deliverability.

Question 5:

a) do you agree that the Secretary of State should have discretion to defer the period for using the baseline for some local planning authorities? If so, how best could this be achieved, what minimum requirements should be in place before the Secretary of State may exercise this discretion, and for how long should such deferral be permitted?

The transitional arrangements relating to five year supply calculations proposed in paragraph 48 do not allow Councils time to put plans in place to address the supply position.

It is considered that for five year supply purposes, where new local plans are being produced the new approach should not apply until the point at which a new local plan is adopted. This provides local authorities with an opportunity to deliver the new number in a planned manner, or to consider through the production of the plan whether there are reasons which mean that a lower number should be planned for.

b) do you consider that authorities that have an adopted joint local plan, or which are covered by an adopted spatial development strategy, should be able to assess their five year land supply and/or be measured for the purposes of the Housing Delivery Test, across the area as a whole?

As this is proposed as an option rather than a requirement, the Councils have no comment.

c) do you consider that authorities that are not able to use the new method for calculating local housing need should be able to use an existing or an emerging local plan figure for housing need for the purposes of calculating five year land supply and to be measured for the purposes of the Housing Delivery Test?

This question relates to areas which are not contiguous with Council boundaries and the Councils therefore have no comments.

Question 6: *do you agree with the proposed transitional arrangements for introducing the standard approach for calculating local housing need?*

The proposed transitional arrangements, along with the requirement for joint plans to plan for the sum of their need, may have implications for the production of the new Babergh and Mid Suffolk Joint Local Plan. The Councils are aiming to produce their Joint Local Plan within a challenging timescale and are currently undertaking consultation under Regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations 2012, with an aim to have the plan adopted in spring 2019. The Councils intend to progress swiftly to Regulation 19 consultation (publication) and the proposals to amend the NPPF and to publish revised policy in spring 2018 may delay progress in reaching this stage.

Statement of Common Ground

Question 7:

a) do you agree with the proposed administrative arrangements for preparing the statement of common ground?

The Councils support the proposals in relation to geographic coverage and the flexibility surrounding the approach which enables Councils to be signatory to matters which are relevant to them only.

b) how do you consider a statement of common ground should be implemented in areas where there is a Mayor with strategic plan-making powers?

N/A

c) do you consider there to be a role for directly elected Mayors without strategic plan-making powers, in the production of a statement of common ground?

N/A

Question 8: *do you agree that the proposed content and timescales for publication of the statement of common ground are appropriate and will support more effective co-operation on strategic cross-boundary planning matters?*

The Councils are concerned that the proposals for agreements to be reached through the Statement of Common Ground may overlap with activities that should rightfully be carried out through the development of strategy and policy in the local plan. In particular, there are references to the Statement of Common Ground being a mechanism for agreeing proposals for meeting any shortfalls in housing need. Distribution of housing should be informed through the production of the local plan taking into account relevant evidence and the outcomes of consultation and Sustainability Appraisal. However, the Statement of Common Ground would provide a useful mechanism for documenting and agreeing processes and for recording outcomes which have been taken forward through local plans.

The timescales for production of the Statement of Common Ground appear reasonable when considered in relation to the current timescale for producing the Babergh and Mid

Suffolk Joint Local Plan which is currently out to consultation under Regulation 18 of the Town and Country Planning (Local Planning) (England) Regulations.

Question 9

a) do you agree with the proposal to amend the tests of soundness to include that:

i) plans should be prepared based on a strategy informed by agreements over the wider area; and

ii) plans should be based on effective joint working on cross-boundary strategic priorities, which are evidenced in the statement of common ground?

In relation to point (i), the strategy of a plan should be informed by evidence, consultation and Sustainability Appraisal, with wider agreements also informed by these processes.

b) do you agree to the proposed transitional arrangements for amending the tests of soundness to ensure effective co-operation?

As Statements of Common Ground are intended to be produced from the outset of plan production, transitional arrangements should ensure that any plans that were started prior to the NPPF being revised would be required to meet the requirements of the Statement of Common Ground from the point at which the requirement is introduced.

Planning for a mix of housing needs

Question 10:

a) do you have suggestions on how to streamline the process for identifying the housing need for individual groups and what evidence could be used to help plan to meet the needs of particular groups?

The proposed method of calculating housing need does not appear to lend itself to being easily disaggregated by size and tenure. The Councils would therefore expect the Government to supply sufficient data to Councils to enable them to identify the mix of housing related to the housing figure arrived at through the new standard approach. The Councils would expect the Government to consult on the details of this. The Councils would expect that the housing mix identified in the SHMA would form the starting point for identifying the mix associated with a higher number.

b) do you agree that the current definition of older people within the National Planning Policy Framework is still fit-for-purpose?

It is considered that, in terms of planning for certain types of housing, whilst age is a good indicator of the extent of need for certain types of dwellings (such as accessible dwellings or bungalows) there is also a need to consider how such housing types may also help to address the needs of other groups such as those with disabilities or families with children.

Neighbourhood Planning

Question 11:

a) should a local plan set out the housing need for designated neighbourhood planning areas and parished areas within the area?

As a principal, it is considered to be particularly onerous for a local plan to identify housing needs at the Parish level. This is not simply a case of dividing the needs for each classification of settlement, but would also require judgement to be made on the supply of sites and on likely windfall rates at a Parish level. It is considered more appropriate for the approach in a Neighbourhood Plan to be considered in terms of its overall relationship to the strategic policies of the local plan.

b) do you agree with the proposal for a formula-based approach to apportion housing need to neighbourhood plan bodies in circumstances where the local plan cannot be relied on as a basis for calculating housing need?

The Councils disagree. Providing a housing figure to Neighbourhood Plan areas based upon a simple apportionment of the total need for the District would pre-empt, and not necessarily reflect, the spatial strategy as yet to be defined in the new Joint Local Plan.

Proposed approach to viability assessment

Question 12: *do you agree that local plans should identify the infrastructure and affordable housing needed, how these will be funded and the contributions developers will be expected to make?*

In relation to the production of the Joint Local Plan, the Councils are intending to identify the key infrastructure required to deliver the plan through the production of an Infrastructure Delivery Plan which will sit alongside the Joint Local Plan. The Councils also intend to maintain policies relating to the requirement for affordable housing. It is therefore considered that in principle this proposal raises no concerns. This is subject to the level of detail that is required within the local plan, as ultimately the need for infrastructure associated with new development will arise as and when development takes place which is usually the result of market decisions.

Question 13: *in reviewing guidance on testing plans and policies for viability, what amendments could be made to improve current practice?*

The Councils have no comments to make on this question.

Question 14: *do you agree that where policy requirements have been tested for their viability, the issue should not usually need to be tested again at the planning application stage?*

Infrastructure capacity and costs change over time. It is essential to consider viability as part of the production of a local plan in order to demonstrate that the policies and allocations are deliverable. However, without the ability to revisit this at the planning application stage there is the potential for sites to become unviable. Equally, there may be unintended consequences of the proposal resulting in infrastructure and policy requirements being relaxed at the policy stage in order to ensure that proposals would all be viable at the planning application stage.

Question 15: *how can Government ensure that infrastructure providers, including housing associations, are engaged throughout the process, including in circumstances where a viability assessment may be required?*

Infrastructure providers often plan to shorter timescales than local plans. Aligning and lengthening infrastructure providers' timescales would assist.

If viability assessments were required upfront as part of a planning application, this would ensure that costs are known at an early stage.

This would help to overcome a current issue whereby developers (particularly land promoters) make offers under section 106 at an outline stage or at a time when CIL cannot be calculated (at outline stage) and agree to the maximum level of affordable housing and the infrastructure asks, but then seek to vary these at the detailed stage because the development cannot afford it. A further issue associated with this is that expectations over infrastructure provision are raised but this is not delivered upon later.

Question 16: *what factors should we take into account in updating guidance to encourage viability assessments to be simpler, quicker and more transparent, for example through a standardised report or summary format?*

Government could stipulate what elements should be included in the national requirement and the form that the viability assessment could take (for example, the DAT model which is an accepted industry norm). This would standardise the process and avoid a situation where developers and local authorities have to redo work as they are using two models or approaches towards viability.

The following are suggested:

- Use of one agreed standardised industry norm for inputting values – (for example the DAT model and the use Proval to do calculations using a Viability Consultant). This means the iterative discussions between the developer and the local authorities' specialists would use an agreed starting approach.
- A standardised report or summary approach on the outcome of the viability assessment would be beneficial. This means that as soon as the negotiations and discussions lead to a conclusion a report can be very quickly produced. The type of report would have to strike a balance between protecting developers' confidentiality with regard to business interests whilst ensuring that the local authority and the community have the information they need in an open and transparent arena to make a judgment on whether the developer's position on infrastructure and affordable housing is reasonable. On that basis once agreement has been reached this position then ensures that a scheme is deliverable.

Question 17:

a) do you agree that local planning authorities should set out in plans how they will monitor and report on planning agreements to help ensure that communities can easily understand what infrastructure and affordable housing has been secured and delivered through developer contributions?

There is no objection to this. It could be part of any Council's Infrastructure Delivery Plan as any Section 106 agreements will contain either infrastructure or affordable housing. Once

there is a grant of planning permission then the terms of the Section 106 agreement represent a commitment (unless the planning permission lapses).

b) what factors should we take into account in preparing guidance on a standard approach to monitoring and reporting planning obligations?

The following should be taken into account:

- It needs to be clear that this is infrastructure that other schemes coming forward can build upon (once provided).
- More knowledge on the subject to Town and Parish Councils might help in the production of Neighbourhood Plans if they have access to up to date data about their own infrastructure.
- It may help Town and Parish Councils to better develop their CIL spending proposals
- It would help Town and Parish Councils, local authorities and infrastructure providers have joined up conversations about spending CIL so that infrastructure provision can be maximised using all the different funding streams that are available.

c) How can local planning authorities and applicants work together to better publicise infrastructure and affordable housing secured through new development once development has commenced, or at other stages of the process?

Up to date electronic information could be made available through the web site (including all current Section 106 and affordable housing information together with the legal agreements). This information should be updated continuously and be capable of being public facing.

Publication could also be achieved through a current Infrastructure Delivery Plan that includes infrastructure being delivered through Section 106 agreements as well as CIL.

Planning fees

Question 18:

a) do you agree that a further 20 per cent fee increase should be applied to those local planning authorities who are delivering the homes their communities need? What should be the criteria to measure this?

It is widely accepted that the Councils face a challenging financial climate and within their function as Local Planning Authority any opportunity to secure additional funding would be embraced. However, it is not considered appropriate to link this directly with delivery as this provides no measure of the quality of decision taken and the quality of service provided.

b) do you think there are more appropriate circumstances when a local planning authority should be able to charge the further 20 per cent? If so, do you have views on how these circumstances could work in practice?

As per the Councils' response to question (a) above, any proposal to increase fees should be linked to the quality of decision taken and the quality of service provided.

c) should any additional fee increase be applied nationally once all local planning authorities meet the required criteria, or only to individual authorities who meet them?

The first option would seem unworkable given the individual differences between local planning authorities and the challenges of maintaining the 'criteria'; the second would be simpler to administer.

d) are there any other issues we should consider in developing a framework for this additional fee increase?

The Councils would welcome a recognition of the pressures faced in delivering the housing need and in resourcing planning departments, and would suggest that any additional uplift should be able to be applied by all local planning authorities.

Other issues

Question 19: *having regard to the measures we have already identified in the housing White Paper, are there any other actions that could increase build out rates?*

As stated earlier, the approach to calculating housing need put forward through this consultation does not consider the likelihood of deliverability. The Councils support the introduction of measures to support delivery such as the Housing Infrastructure Fund. The Councils would wish to see that criteria for funding available places weight on supporting bids submitted by Councils identified as being in the greatest housing need as set out in the 'comprehensive registration programme: priority areas for land registration' document which forms part of this consultation. The Government could consider further measures to assist with delivery of projects where issues such as heritage or decontamination are having an impact on viability, through for example tax incentives. Removing the cap on borrowing for the Housing Revenue Account in order to build council housing would also assist with increasing delivery.