

Planning for the right homes in the right places: DCLG consultation

Note for Management Team 10 October 2017

(Extracts from the consultation)

Introduction

The White Paper, *Fixing our Broken Housing Market*¹ (“the housing White Paper”), set out proposals to tackle the housing challenge that our country faces, as a key part of building a stronger, fairer Britain where people who work hard are able to get on in life. It argued that we need to build more houses of the type people want to live in, in the places they want to live. This requires a comprehensive approach that tackles failure at every point in the system.

Summary of issues addressed

The consultation paper carries forward the Housing White Paper commitment to consult on various matters. It seeks views on changes to national policy to help local planning authorities and communities plan for and deliver the homes they need, including:

- a) The proposed approach to a **standard method for calculating local housing need**, including transitional arrangements (paragraphs 1.13, 1.14, A.21 and A.23 of the White Paper);
- b) improving how authorities work together in planning to meet housing and other requirements across boundaries, through the **preparation of a statement of common ground** (paragraphs 1.9 and A.13);
- c) how the new approach to calculating housing need can help authorities plan for the **needs of particular groups and support neighbourhood planning** (paragraphs A.24 and A.65);
- d) proposals for improving the use of section 106 agreements, by **making the use of viability assessments simpler, quicker and more transparent** (paragraph 2.30); and
- e) seeking further views on **how we can build out homes more quickly**.

The consultation also seeks views on the proposal in the housing White Paper that local planning authorities delivering the homes their communities need might be eligible for a **further 20 per cent increase in fees for planning applications, over and above the 20 per cent increase already confirmed**. If taken forward, this would be delivered through changes to regulations.

Subject to the outcome of this consultation, and the responses received to the housing White Paper, the Government intends to publish a draft revised National Planning Policy Framework early in 2018. We intend to allow a short period of time for further consultation on the text of the Framework to make sure the wording is clear, consistent and well-understood. Our ambition is to publish a revised, updated Framework in Spring 2018.

Housing numbers

Government propose that **projections of household growth should be the demographic baseline for every local authority area**. The most recent official projections should be used, with the household growth calculated for the period over which the plan is being made. **We propose that the demographic baseline should be the annual average household growth over a 10 year period.** Given the Government's expectation that plans are reviewed every five years, using average household growth over this period will ensure effective planning over the preparation and duration of the plan. Household projections should therefore be regarded as the minimum local housing need figure.

They consider that median affordability ratios, published by the Office for National Statistics at a local authority level, provide the best basis for adjusting household projections. The affordability ratios compare the median house prices (based on all houses sold on the open market in a given year in a local authority) to median earnings (based on full-time earnings for those working in that local authority area). **We propose that as the next step in the standard method, plan makers should use the workplace-based median house price to median earnings ratio from the most recent year for which data is available.**

The fully adjusted figure for West Norfolk is attached.

	A	B	C	D	E	F	G	H	I
4									
5	Application of proposed formula for assessing housing need, with contextual data								
6	<i>Published 14th September 2017</i>								
7	<i>All data is correct to the best of our knowledge as of publication.</i>								
8	<i>Figures for authorities marked with * have not been verified by the authority, and may be subject to correction</i>								
9									
10		ONS Code	Local Authority	Indicative assessment of housing need based on proposed formula, 2016 to 2026 (dwellings per annum)	Current local assessment of housing need, based on most recent publicly available document (dwellings per annum)	Proportion of Local Authority land area covered by Green Belt, National Parks, Areas of Outstanding Natural Beauty or Sites of Special Scientific Interest	Source for current assessment of housing need	Page reference document (where available)	
146		E07000111	Huntingdonshire	1,010	804	3%	http://www.huntingdonshire.gov.uk	34	
147		E07000120	* Hyndburn	60	180 - 350	58%	https://www.hyndburnbc.gov.uk	114	
148		E07000202	Ipswich	442	519	1%	http://www.babergh.gov.uk/ass	80	
149		E06000046	Isle of Wight	641	525	50%	http://www.push.gov.uk/2c_obj	115	
150		E06000053	Isles of Scilly	0	8	70%	http://www.scilly.gov.uk/sites/d	18	
151		E09000019	Islington	2,583	1,150	0%	https://www.london.gov.uk/whc	-	
152		E09000020	Kensington & Chelsea	824	575	0%	https://www.london.gov.uk/whc	-	
153		E07000153	Kettering	521	520	1%	http://www.nnpu.org.uk/docs/2	16	
154		E07000146	Kings Lynn & West Norfolk	525	670	14%	https://www.west-norfolk.gov.uk	75 & 101	
155		E08000010	Kingston upon Hull	409	562	0%	http://huliccc-consult.limehouse	-	
156		E09000021	Kingston Upon Thames	1,527	717	17%	https://www.kingston.gov.uk/tdc	194	
157		E08000034	* Kirklees	1,707	1,730	73%	https://www.kirklees.gov.uk/bel	13	
158		E08000014	Konstanz	976	Local assessment of need not available	400%			

To ensure stability and a consistent evidence base to inform plan-making, **we propose that local planning authorities should be able to rely on the evidence used to justify their local housing need for a period of two years from the date on which they submit their plan.** During this period this will mean that the local housing need assessment is not rendered out of date if changes to the household projections or affordability ratios are published while the plan is being examined. Of course, the final housing figure in the local plan or spatial development strategy may differ from the local housing need figure after taking account of issues raised during the examination, constraints and the duty to co-operate.

Statement of common ground

Local planning authorities need to plan together to ensure that infrastructure and public services are planned to meet the needs of the wider area; to ensure that the combined impact on the environment is sustainable; to ensure that housing requirement that simply cannot be met in a particular area is met elsewhere; and where appropriate, to ensure that new settlements and garden villages are planned for properly.

This section sets out our proposals for how local planning authorities should produce and maintain their statement of common ground. It also sets out expectations for when statements should be in place, and proposals for steps which may be taken by Government where effective co-operation is not taking place.

To support more effective joint working where planning issues need to be addressed by more than one local planning authority, **we intend to set out in the National Planning Policy Framework that all local planning authorities should produce a statement of common ground.** The objectives of the policy are to:

- a) increase certainty and transparency, earlier on in the plan-making process, on where effective co-operation is and is not happening;
- b) encourage all local planning authorities, regardless of their stage in plan-making, to co-operate effectively and seek agreement on strategic cross-boundary issues, including planning for the wider area's housing need; and
- c) help local planning authorities demonstrate evidence of co-operation by setting clearer and more consistent expectations as to how co-operation in plan-making should be approached and documented.

We propose that all local planning authorities should have a statement of common ground in place within twelve months following the publication of the revised National Planning Policy Framework. However, in order to ensure greater certainty at an early stage of the process, **we expect local planning authorities to have an outline statement in place within six months following publication of the revised Framework.**

Planning for a mix of housing needs

We are proposing that plan makers should disaggregate this total need into the overall need of each type of housing as part of the plan-making process, before taking into account any constraints or other issues which may prevent them from meeting their overall housing need. This means that, as the plan develops, we expect plan makers to make evidence-based planning judgements on the different types of housing that is required within each area to ensure that the plan is effective and positively prepared.

Neighbourhood planning

To make this process easier in future, **we would welcome views on whether national policy should expect local planning authorities to set out, within their plans, a housing figure for designated neighbourhood planning areas and parished areas within their local area.**

We are proposing to set out in guidance a simple formula-based approach which apportions the overall housing need figure for the relevant local authority area/s, based on the latest figures calculated under the new standard approach (once, and assuming, it is introduced), to the neighbourhood planning are.

Proposed approach to viability assessment

Viability assessments can be complex. In simple terms a site is viable if the value generated by its development is more than the cost of developing it. However, the range and complexity of variables in assessing this are such that the process is seen as being susceptible to gaming; and is often viewed with suspicion by authorities, communities and other observers. In particular, estimating future values and costs can be manipulated to reflect a range of outcomes. Furthermore, appraisals are often not published on the grounds of commercial confidentiality. This means that the process is neither easily understood nor transparent.

This consultation proposes changes to improve certainty and transparency in the assessment of viability for plan-making and decision-taking, through amendments to policy and guidance.

We propose that local planning authorities should set out the types and thresholds for affordable housing contributions 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. This would make clear how the key strategic priorities that need to be planned for are to be delivered.

We propose to make clear in the National Planning Policy Framework 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.

Planning fees

An increase in planning application fees is an important step to recognise and address the significant, nation-wide problem of under-resourced local planning authorities.

Government's intention is to increase nationally set planning fees by 20 per cent for those local planning authorities who commit to invest the additional fee income in improving the productivity of their planning departments. We subsequently invited authorities to make this commitment. We welcome that all local planning authorities chose to make the commitment and on this basis we will bring forward regulations at the earliest opportunity which, subject to Parliamentary scrutiny, enable local authorities to increase fees.

The housing White Paper suggested that an increase of a further 20 per cent on the current fee level could be applied to those authorities who are delivering the homes their communities need. **We are interested in obtaining views on the most appropriate criteria to enable this fee increase to be applied.**

Other issues:

Build out

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?

Prematurity

The prematurity guidance is designed to prevent emerging plans, where they are at an advanced stage of production, from being undermined by proposals that are allowed before the plan can be finalised. This would help provide stability and certainty in situations where confidence in the plan-making process might otherwise be weakened.

AG
5 October 2017