

Report To: Planning Portfolio Holder

7 November 2017

Lead Officer: Joint Director for Planning and Economic Development

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

Purpose

1. To consider the contents of the consultation and agree an appropriate response.
2. This is not a key decision. It relates to a Government consultation and was first published in the September 2017 Forward Plan.

Recommendations

3. It is recommended that the Planning Portfolio Holder agree that the consultation response set out in Appendix A be submitted to the Department of Communities and Local Government (DCLG).

Reasons for Recommendations

4. To respond to the consultation from the DCLG having regard to their implications for this district.

Background

5. In February 2017 the DCLG consulted on the White Paper: 'Fixing our Broken Housing Market'. Its proposals concerned improvements to the planning system, how to build homes faster, diversifying the house-building market and tackling the impacts of the housing shortage on households and communities. This Council made representations on the White Paper following Cabinet consideration of a report on the 20th April 2017.
6. The current consultation primarily relates to the 'improvements to the planning system' element of the White Paper. The measures proposed are summarised in the remainder of this report and will primarily affect the content of the next Local Plan and planning decision making. Subject to the outcome of the consultation, the Government will need to revise the National Planning Policy Framework (NPPF) to bring any changes into effect.

Considerations

7. The following provides a summary of the key elements of the consultation proposals. The draft response to each of the 19 questions posed by the Government is provided in Appendix A. The Council's representation to the consultation will need to be submitted by 9 November.

Proposed approach to calculating the local housing need (see Appendix A questions 1-6)

8. Government is proposing the use of a standard methodology for calculating local housing need; which is intended to be simpler and more transparent than current methodologies and

which is expected to speed up local plan preparation. The current methodology involves the preparation of strategic housing market assessments in accordance with national guidance. These have proved to be expensive and time consuming to prepare and a source of considerable dispute at local plan examinations across the country.

9. In summary the proposed standard methodology starts with a demographic baseline based on projections of household growth over a 10 year period. This is then modified to take account of local house price affordability ratios by applying a multiplier, lower in affordable areas and higher in areas where house prices are more than four times average local earnings. A 40% cap is then applied to the level of any increase above the annual requirement in an up-to-date local plan (one adopted in the last five years), to ensure any 'step-change' in housing requirement is manageable.
10. The Government have applied the proposed new methodology to all local planning authorities using current data for illustrative purposes. Overall the methodology provides for additional housing across most of the south of England and less growth in most of the north of England, with a national target of 266,000 annual home completions. Locally, the outcome for Greater Cambridge is summarised in the following table which also includes the local housing need totals from our current local plans.

	Indicative standardised housing need assessment 2016-2026 (<i>dwelling per annum</i>)	Current Local Plan housing need assessment (<i>dwelling per annum</i>)	Annual difference
Cambridge	583	700	-117
SCDC	1,182	975	+207
Totals	1,765	1,675	+90

11. This would imply a relatively small housing increase will need to be planned for in the next joint Local Plan (1,800 extra homes over 20 years). However, a number of points need to be kept in mind. First, the standard calculation will change annually as new data becomes available and so the assessment will be different when the joint Local Plan is being prepared; second, it is widely accepted that national population forecasting for University cities often underestimates actual recorded levels of population growth¹), and third, the distribution of the aggregated local housing need across our wider 'housing market area' may be varied by agreement through a 'statement of common ground' (SoCG). In this regard, it should be noted that question 7c) of the consultation asks if there should be a role in the preparation of the SoCG by elected Mayors without strategic plan-making powers (such as the Mayor of the Cambridgeshire and Peterborough Combined Authority). Finally it can be noted that the indicative standardised housing need assessment 2016-2026 has proven to be difficult to replicate accurately using the original data sources.
12. The consultation states that if a local plan uses the standard local housing need figure derived using the new methodology, this will satisfy the tests of soundness regarding local housing needs. Beyond this 'baseline' requirement, higher housing targets can be adopted within local plans to reflect factors such as local economic ambitions, to provide a better local balance of homes to jobs, or the implementation of new strategic infrastructure. However, it is considered essential that any amendment to the NPPF specifically states that it will only be the 'baseline' figure that is used to assess and authority's assessed need and to calculate housing delivery requirements under 5-year housing land supply and any new housing delivery test as envisaged by the Housing White Paper, so as not to penalise those wishing to promote a higher housing provision.

¹ For example the 2011 Census recorded 15,000 more Cambridge residents than had been forecast by the Office for National Statistics.

13. Importantly, the consultation proposes some sensible transitional arrangements to smooth the introduction of the standard approach to housing need assessment. In this regard, up-to-date Local Plans and plans at examination (such as our own) can continue to use their current approach until the plans are next reviewed.
14. As an incentive to local planning authorities to get new local plans in place, the consultation states that after the 31st March 2018 the new standard approach will apply as the baseline for calculating 5 year housing land supply calculations except where an up-to-date local plan is in place. This means that the South Cambridgeshire future 5 year housing land supply calculations would be based on the Local Plan 19,500 dwelling target, (and with the addition of the Cambridge 14,000 dwelling target if the Inspector agrees with our proposed joint housing trajectory proposed modification).
15. As a result, it can be expected that a number of our neighbours will seek to submit their emerging Local Plans for examination before the 31st March 2018 as their standard housing need assessment is higher than the housing need figure included in their draft Local Plan. This includes Uttlesford whose housing need increases from 14,100 to 16,280 homes, Central Bedfordshire whose housing need of 51,060 homes is at the top end of the possible range they were considering, and Huntingdonshire whose need increases from 20,100 to 25,250 homes. A further round of plan consultations and duty-to-cooperate requests can therefore be anticipated.
16. It is considered that subject to the qualification above to the revised NPPF, the proposed changes are positive and should be supported. There are issues needing clarity that are raised in the draft representation, but it is considered that having a standardised methodology will negate the uncertainty inherent in the existing approach that results in the housing need figure being the key matter at dispute in the examination of an emerging local plan.

Statements of common ground (see Appendix A questions 7-9)

17. The NPPF already expects local planning authorities to cooperate across administrative boundaries, and the effectiveness of this cooperation is tested during the examination of local plans. However, the system does not always work effectively, with failing the duty to co-operate one of the most regular reasons why plans are found unsound by the Planning Inspectorate. In this regard, the local planning authorities in Cambridgeshire have had a good track record of working together to agree a common spatial development strategy and housing distribution. But many other areas have not, particularly around our major conurbations and cities which has led to development needs not being met to the detriment of the local economy and of those seeking somewhere to live.
18. The consultation proposals seek to tighten the duty to co-operate requirement, requiring the preparation of SoCG to a set timetable, and to amend the tests of soundness to ensure that plans are based on an agreed strategy for a wider area and based on effective joint working. It also asks if there should be a role for directly elected Mayors for areas without strategic plan-making powers (such as for the Mayor of the Cambridgeshire and Peterborough combined authority). The main SoCG each local planning authority will have to be party to, will be for the 'wider area', which will usually comprise a group of districts which together form a sensible 'housing market area - HMA'. But other areas are not ruled out and it can be noted that the boundary of our current HMA is different from the boundary of the Cambridgeshire and Peterborough combined authority. As at present we will also have to engage with local planning authorities in different HMA outside our 'wider area', such as with Uttlesford, Central Bedfordshire and North Hertfordshire. These SoCG can record areas of disagreement as well as of agreement.

19. It is not considered that this 'tightening' of the duty to cooperate will necessarily give rise to any new concerns to Cambridgeshire and other neighbouring authorities. The scope for the Combined Authority to engage with the discussions as part of the SoCG has the potential to make more complex the process of assigning growth across a HMA - particularly where agreement is not reached. The Cambridgeshire and Peterborough Combined Authority is nevertheless already engaged in the preparation of a non-statutory spatial plan which has the potential to support SoCG discussions amongst the constituent authorities. In this respect, it is suggested that these changes are also broadly supported.

Planning for a mix of housing needs (see Appendix A question 10)

20. The NPPF already expects local planning authorities to plan for a mix of housing to address the needs of different groups in the community; however current guidance would not reflect the proposed new approach to assessing local housing need.
21. The consultation proposals are that the total local housing need be disaggregated into the overall need for different types of housing and tenures before taking account of constraints. The identified groups include older and disabled people, families with children, affordable housing, self-build and custom housing, student accommodation, travellers who have ceased to travel, the private rented sector, and for build to rent housing. The consultation is seeking suggestions on how best to plan to meet the needs of particular groups and seeks comments on whether the definition of older people in the NPPF remains fit for purpose.
22. While the principle of this proposal is supported, there is a significant risk that the total disaggregated housing mix would exceed the 'baseline' figure derived through application of the new methodology for assessing housing needs. In such circumstances, the local authority will either 1) have to commit to meet the total of all different types of housing and tenures identified or 2) justify why certain types of housing are to be prioritised for delivery over others. Where viability is not a consideration, the latter is likely to result in proponents of certain forms of housing challenging the priority applied. This has the potential to not only offset the benefits associated with the new methodology (above) and delay local plan production but also to significantly skew the resultant housing mix being delivered, and could exacerbate overall housing need. Unfortunately, there does not seem to be a simple solution to this issue, which is why the Government is asking for suggestions rather than providing options. It is likely therefore that further consultation will be required on any reasonable solutions put forward through this consultation.

Neighbourhood Planning (see Appendix A question 11)

23. Communities who want to make provision in a neighbourhood plan for their future housing need face a number of difficulties. Although over 400 neighbourhood plans have been brought into force across England since 2011 there is no standard methodology for establishing a housing need figure for a neighbourhood area. Many communities resort to commissioning consultants to provide this figure, but this is costly and can discourage communities from taking a neighbourhood plan forward.
24. The consultation proposals are that where a Local Plan is up to date or close to adoption local planning authorities may provide each neighbourhood area / parish with a housing figure by making a reasoned judgement taking account of the settlement strategy and housing allocations already included in their Local Plan. But where a Local Plan is not up-to-date or close to adoption the consultation proposes that the housing need figure in each neighbourhood area would be the same percentage of total district wide housing need that the population of the neighbourhood area/parish is of the total population of the district. The consultation makes clear that this approach would still allow local constraints to be taken into

account, for example in regard to villages set within the Green Belt, or being bounded by land at risk of flooding.

25. While it is considered that neighbourhood plans should be positively prepared and where appropriate seek to address local housing needs, it is nevertheless difficult to understand how these proposals would work in an area like South Cambridgeshire which has around 100 parish councils and meetings. This council could not rely on all of them bringing forward a neighbourhood plan to help provide the sites needed to meet the standard district-wide baseline local housing need. Furthermore because of our expanding economy much of our district-wide housing growth will be the result of migration from elsewhere which many village residents will not recognise as constituting local housing need. A further complication is that many of our larger more sustainable villages are located within the Cambridge Green Belt and neighbourhood plans cannot amend Green Belt boundaries. At the other end of the scale, 55 of our smaller villages / parishes lack any shops, or schools and are not considered to be sustainable locations for any significant level of development. It follows that past and current development planning has sought to focus a significant proportion of planned growth into the most sustainable locations (urban extensions to Cambridge, new settlements and around our larger villages), which has also allowed for infrastructure provision to be made as efficiently as possible. For these reasons, these proposals are not fully supported in this format.

Proposed approach to viability assessment (see Appendix A questions 12-17)

26. The NPPF requires viability to be taken into account in regard to plan making, and when making planning decisions on planning applications. However the current system can lead to delays in plan making, disputes about scheme viability for example in regard to affordable housing contributions, and concerns from the public about a lack of transparency when planning obligations are being negotiated.
27. The consultation proposals aim to ensure future viability assessments are simpler, quicker to prepare and more transparent; that Local Plans should identify the infrastructure and affordable housing needed to implement the plan, how this will be funded and the contribution that developers will be expected to make. The aim being that if viability has been tested during the preparation and examination of a Local Plan it should not need to be tested again at the planning application stage. Finally it proposes that all local planning authorities and elected Mayors should closely monitor, report on and publicise what section 106 agreements have been secured and how they have been spent.
28. This proposal is supported in principle, as the Council already expects developers to take account of the applicable policies of the plan and likely cost of planning obligations, including affordable housing and the provision of infrastructure, in their negotiations of the price they pay for land. However, while this may be appropriate for small straight forward development proposed, the viability of major strategic developments is likely to change significantly as large sites are developed out over time, enabling schemes to deliver greater community benefits or a more suitable balance of uses. Equally, the local plan policies and the viability assumptions underpinning these at the time of drafting, are also likely to be subject to changing economic conditions over the life (15-20 years) of the plan. Review mechanisms are therefore essential to account for changes in development viability over time.

Planning fees (see Appendix A question 18)

29. Government is aware that nationally planning fees do not recover the full cost of processing planning applications and with reduced central funding for local councils, many planning departments now lack sufficient resources to properly plan for their districts. This lack of capacity is thought to form a drag on national housing delivery and economic growth. In

response the consultation proposes to bring forward the already promised 20% fee increase at the earliest opportunity, whilst also seeking views on additional criteria that local planning authorities would be required to meet to allow them to increase fees by an additional 20%.

30. With Council budgets continuing to shrink, it is appropriate that the planning authority should be able to recover the costs incurred in determining planning applications. This proposal is therefore strongly supported but should be taken forward without the need to meet certain criteria to enable the increase in the fees.

Other issues (see Appendix A question 19)

31. The consultation is concerned with how to get more homes built more quickly and to a high standard. The consultation ends by asking if there are any other measures which could be taken to increase housing build out rates. It also asks if an incentive to plan making could be provided by tightening the guidance on when a planning application may be refused on grounds of 'prematurity'. Prematurity guidance is intended to prevent well advanced emerging plans from being undermined by development proposals that are allowed before the plan is adopted.

Next Steps

32. Representations to the consultation will be submitted as agreed by the Portfolio Holder.

Options

33. The Planning Portfolio Holder has the following options:
- (a) Agree the proposed response; or
 - (b) Agree the proposed response with amendments; or
 - (c) Not to agree the proposed response.

Implications

34. In the writing of this report, taking into account financial, legal, staffing, risk management, equality and diversity, climate change, community safety and any other key issues, the following implications have been considered:

Financial

35. There are no direct financial implications arising from this report.

Legal

36. There are no direct legal implications arising from this report.

Staffing

37. There are no direct staffing implications arising from this report.

Risk Management

38. No direct risks to this Council or to South Cambridgeshire residents and businesses have been identified.

Equality and Diversity

39. There are no direct equality and diversity implications arising from this report

Climate Change

40. There are no direct climate change implications arising from this report.

Consultation responses

41. Officers have worked with Housing officers and Cambridge City Council Planning Officers in the preparation of this report. But note that each Council will be submitting its own consultation response

Effect on Strategic Aims

A. LIVING WELL Support our communities to remain in good health whilst continuing to protect the natural and built environment

42. This report has identified a number of potential risks to the environment of the district which could arise from future speculative development if safeguards are not included in the update to the National Planning Policy Framework expected in Spring 2018.

B. HOMES FOR OUR FUTURE

Secure the delivery of a wide range of housing to meet the needs of existing and future communities

43. The provision of sufficient homes to meet local needs is a national and local priority. The changes set out in the consultation are intended to help achieve this.

C. CONNECTED COMMUNITIES

Work with partners to ensure new transport and digital infrastructure supports and strengthens communities and that our approach to growth sustains prosperity

44. The provision of new homes will support economic growth and so sustain local prosperity. But it is important that such growth is planned and enabled by the provision of necessary infrastructure, and the response set out in Appendix A includes a number of safeguards to ensure that this is the case.

Appendices

Appendix A: Proposed SCDC response to the DCLG: Planning for the right homes in the right places consultation.

Background Papers

Where [the Local Authorities \(Executive Arrangements\) \(Meetings and Access to Information\) \(England\) Regulations 2012](#) require documents to be open to inspection by members of the public, they must be available for inspection: -

- (a) at all reasonable hours at the offices of South Cambridgeshire District Council;
- (b) on the Council's website; and
- (c) in the case of documents to be available for inspection pursuant to regulation 15, on payment of a reasonable fee required by the Council by the person seeking to inspect the documents at the offices of South Cambridgeshire District Council.

Link to the 20th April 2017 Cabinet Report on the Housing White Paper:

<http://modern.gov/ie/ListDocuments.aspx?CId=293&MId=6799&Ver=4>

Link to the DCLG consultation 'Planning for the right homes in the right places':

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

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