



Report To: Planning Portfolio Holder
Lead Officer: Director of Planning & New Communities

12 January 2016

**National Planning Policy Framework (NPPF)
Response to consultation on proposed changes**

Purpose

1. To consider the proposed changes to the NPPF and agree an appropriate response.
2. This is not a key decision.

Recommendation

3. That the Planning Portfolio Holder agrees the consultation response set out in Appendix 1.

Background

4. The National Planning Policy Framework, published in March 2012, sets out the Government's planning policies for England, and how they are to be applied in regard to plan making and development control. The consultation proposes a number of changes to the NPPF to reflect the Government's stated intentions for reform to the planning system as set out in the 2015 Autumn Statement, and in policy statements 'Fixing the foundations: Creating a more prosperous nation', 'Towards a one nation economy: A 10-point plan for boosting rural productivity', and the Housing and Planning Bill currently working its way through Parliament. The reforms are intended to boost the delivery of new homes and economic growth. Links to the consultation document and these other source documents are provided in the 'Background Papers' section of this report.
5. The consultation includes changes in the following areas:
 - Broadening the definition of affordable housing, to expand the range of low cost housing opportunities for those aspiring to own their new home;
 - Increasing the density of development around commuter hubs, to make more efficient use of land in suitable locations;
 - Supporting sustainable new settlements, development on brownfield land and small sites, and delivery of housing allocated in plans; and
 - Supporting delivery of starter homes.

Summary of the Consultation and Proposed Response

The consultation questions and proposed responses are set out in Appendix 1. Questions 22 and 23 relate to the impact of the proposed changes and equalities matters. The following summaries are of the Government consultation document.

Affordable Housing (questions 1 and 2)

Summary of questions:

6. The current definition of affordable housing is considered to be too narrowly defined, stifling innovation in housing products and failing to meet the needs of households aspiring to home ownership. Starter homes for low cost home ownership are to be brought into the definition and the need for all affordable housing to be provided 'in perpetuity' and for subsidy to be recycled are to be made less restrictive.

Government intend that starter homes should be included in the definition of affordable housing. Starter homes are homes for low cost home ownership for first time buyers under the age of 40 at time of purchase, sold at a minimum of 20% discount to the market price, and with the price after the discount being no more than £250,000 outside London. After 5 years there are no restrictions on resale at open market value with no recycling of the discount.

Government has committed to the delivery of 200,000 starter homes in England by 2020 and the Housing and Planning Bill with its associated regulations is likely to require the provision of set proportions of starter homes on qualifying sites of different size.

Summary response:

The intention of Government to boost home ownership is supported. But home ownership is not an option for many local households in housing need, whether particularly because of a low or insecure household income (as demonstrated below) or because an individual is aged 40 or more or is not a first time buyer for example and needing to move to South Cambridgeshire to take up employment – and so not qualifying for a starter home. The NPPF requires local planning authorities to plan proactively to meet the housing needs of different groups in the community such as families with children, older people, people with disabilities, and service families amongst others. If starter homes are built on s106 sites as a replacement in whole or part for affordable rented homes, it will reduce the local authorities ability to assist households who are unable to afford or who do not qualify for a starter home. In recent years around 30% of households on our housing needs register have been in bands A and B (those with an urgent or high housing need), and these have made up the great majority of new affordable housing lets in the district.

One drawback to starter homes as currently proposed is that unlike other alternative forms of affordable housing there is no provision to recycle the subsidy provided (the discount to full market value) into further affordable housing provision. Consideration should be given to ways in which all or some of the discount could be recycled to provide an ongoing local benefit rather than it only benefiting the first owner.

It is important that future affordable housing is made up of a mix of products suitable for a wide variety of households which includes but is not limited to starter homes. In general a household income of around £50,000 would be needed to support home ownership of a £250,000 starter home locally. Property values are such that it is unlikely that a 2/3 bedroom home will be available in most of South Cambridgeshire at less than £250,000 without a larger discount than 20%. The Strategic Housing Market Assessment for the Cambridge Sub Region 2013 records the following data on local household incomes:

SCDC households	Lower quarter household income	Middle (median) household income	Average (mean) household income
SCDC all households	£18,900	£36,150	£42,082
SCDC recently moved social tenants household incomes (2009 to 2012 data)	£8,320	£13,944	£15,606

It is therefore unlikely that the majority of households on an average income will not be able to afford a Starter Home and their needs will have to be met by alternative forms of affordable housing.

With the withdrawal of grants for the provision of affordable housing delivery, and increasing issues of affordability generally (both in respect of house prices and rents) there is a need for new innovative housing products to come onto the market such as starter homes and rent to buy schemes. It is therefore positive that the Government is amending the definition of affordable housing to enable such provision. But there must be a balance between starter home provision and other forms of affordable housing to create sustainable communities and meet the housing needs of our area.

In respect of starter homes consideration should be given to the affordable housing definition specifying that the household income of the first purchaser should not already be sufficient for them to buy a similar property in the same district on the open market. Without this provision the availability of starter homes would be reduced for those who could not otherwise be able to afford to buy in the district.

The provision of a mix of affordable housing products is also important to the success of the local economy and the provision of public services. Many staff cannot afford home ownership even of starter homes and must be provided for if the economy and local services are not to suffer (including staff such as nurses, and lab technicians). Labour mobility is important both to the local economic growth and for household income growth and career development. Home ownership can play a part in such mobility but is not the only answer. In this respect it is disappointing that there is nothing in the NPPF changes to encourage the growth of purpose built homes for rent by institutional investors, as well as of affordable rented and other intermediate products.

Future funding for traditional affordable housing products is being squeezed by a lack of subsidy, competing s106 requirements, falling rents and in future by CIL, all of which support the need for innovative new affordable housing products being developed and introduced. Controlling future housing costs will have ongoing benefits for households and for the size of the housing benefit bill nationally.

Increasing residential density at transport hubs (questions 3, 4 and 5)

Summary of questions:

7. Policy is to be amended to support higher residential densities for new development around commuter transport hubs (rail, tube or tram), and places with at least a 15 minute service by public transport to that transport hub in normal commuting hours. A minimum national density is not proposed, local densities should be set which take account of local character.

Summary response:

The proposed change can be welcomed in relation to transport hubs planned for the new town of Northstowe (guided bus), and for Cambridge Northern Fringe East (guided bus, bus and new railway station), and also regarding the proposed Waterbeach new town if the railway station is relocated. These are all locations where increased residential densities would in principle be appropriate.

We have rural railway stations in our district at Ashwell and Morden, Meldreth, Shepreth, Foxton, Shelford, Whittlesford and at Waterbeach. Some of these villages are small and are not otherwise well served in terms of facilities and services or alternative means of public transport.

A number of villages on the guided bus routes in our district currently benefit from a 15 minute bus frequency although sometimes bus stops are not always close to the village (Fen Drayton, Swavesey, Longstanton, Oakington, and Impington).

For all these villages the proposed safeguard that would allow local densities to be set which take account of local character is very important and should be included in the final NPPF.

If the frequency of bus services were to increase to villages which benefit from a 20 minutes service at present such as Cambourne, Cottenham and Sawston (and intermediate villages on these bus routes) additional villages could also be affected.

New settlements (question 6)

Summary of question:

8. Policy is to be strengthened to provide a more supportive approach for new settlements in local plans, where they can meet the sustainable development objectives of national policy, including taking account of the need to provide an adequate supply of new homes. Local planning authorities should work proactively with developers coming forward with proposals for new settlements in their area.

Summary response:

The provision of a more supportive national policy approach to new settlements in national planning policy is welcome. This Council has delivered new settlements at Bar Hill, and Cambourne; has a new town at Northstowe already allocated and is proposing further new settlements at Waterbeach and Bourn Airfield. It provides further acknowledgement that new settlements can offer a sustainable development strategy option, when compared to alternatives such as Green Belt development. Such an approach should include making appropriate allowances for the lead in times of new settlements in regard to 5 year housing land supply calculations and the time necessary to make up any past undersupply, where this offers benefits to achieving a sustainable development strategy for an area, or where this has resulted directly from a failure of site promoters and developers to bring forward the development of new settlements in accordance with agreed timetables.

Supporting housing development on brownfield land and on small sites (defined as less than 10 dwellings) (questions 7, 8, 9 and 10)

Summary of questions:

9. Housing proposals on brownfield sites are to benefit from a presumption in favour of housing development unless there are overriding conflicts with the Local Plan and NPPF.
10. The Government want to ensure that all proposals for sustainable development on small sites of less than 10 units are strongly supported by national policy. They propose to apply the approach described above for brownfield land to other small sites, provided they are within existing settlement boundaries and well-designed to promote or reinforce local distinctiveness.
11. Small housing developments on land adjoining but outside settlement boundaries will be enabled provided they are sustainable.

Summary response:

The prioritisation of brownfield land for housing development can be supported in principle, provided that it is fully thought through. Is it intended to apply to large airfield sites for example which count as brownfield land and whose allocation as new settlements are currently key issues for decision through the Local Plan process?. A presumption in favour of development must allow proper consideration of sustainability including local employment land, and impact on the wider development strategy for the area.

The South Cambridgeshire Local Development Framework and Submitted Local Plan already positively supports appropriately scaled development within settlement boundaries. However, in the smallest villages (Infill Villages), with fewest facilities, development is restricted to sites of two dwellings (where not using a brownfield site where 8 dwellings can be developed). An assumption in favour of development of sites of 10 dwellings could increase the scale of development taking place in the least sustainable locations. Consideration should be given to reducing the permissible scale of development to a figure less than 10 in villages at the lowest scale of settlement hierarchy set out in a Local Plan.

The proposal to allow small sites adjoining settlement boundaries to be developed for residential would be likely to lead to a significant amount of village development with impacts on the landscape setting of many villages. The new Local Plan policies envisaged by question 10 must be able to take account of village sustainability as

well as landscape impact. The NPPF needs to be clear what is meant by small in this context, the impact would be less if the sites are clearly stated to be for less than 10 dwellings.

The relationship between this change and that proposed by question 17 (starter homes on rural exception sites) is important. Allowing market housing development adjoining settlement boundaries as is proposed will be likely to bring more village land onto the market for housing development, but also blur the difference between such sites and rural exception sites. It may reduce the amount of rural exception site affordable housing coming forward as the local benefit is less direct.

Ensuring housing delivery on allocated sites (questions 11 and 12)

Summary of questions:

12. A new housing delivery test is proposed to apply where there is a significant shortfall between the homes provided for in Local Plans and actually being built. Actions to address a significant shortfall will be required, the consultation asks for views on what these should be. One suggestion is the identification of additional sustainable development sites and which could include new settlements, identified either through a targeted Local Plan review or preparation of Area Action plans.

Summary response:

The proposed remedies to under delivery are already available to local planning authorities. It is unclear they would be more successful than existing national policies intended to boost housing delivery have been such as the 20% additional site buffer and the penalties which flow from not having a 5 year supply of deliverable sites.

Consideration should be given to remedies which would incentivise developers as well as local planning authorities. These could include a land tax on non delivering sites, and enabling the HCA and local councils to acquire and deliver non performing sites.

A specific mechanism should be introduced through legislation and the NPPF to enable additional housing sites to be added to an adopted Local Plan to ensure a 5 year housing land supply. The mechanism should be such as to allow for the process to be rapidly completed. The review of our Local Plan started in 2011, has been at examination since March 2014 and until its adoption we will not be able to demonstrate a 5 year housing land supply.

It will be important that any policy response allows area specific circumstances to be taken into account regarding the most appropriate response to a shortfall.

Supporting starter homes on underused commercial and employment land (questions 13, 14 and 15)

Summary of questions:

13. Unviable or underused employment sites (and including retail, leisure and institutional sites) should be released for the development of starter homes unless there is significant and compelling evidence for its retention.

Summary response:

Through recent government consultations, the Council has stressed the need to protect village employment sites. These are an important part in maintaining viable rural communities. It is acknowledged that a balance must be struck between protecting sites and applying long term protection where there is no reasonable

prospect of take up. Our Local Plan already allows for commercial and employment land within villages to move to residential use subject to appropriate policy tests including evidence of marketing for a minimum of 12 months. Changes to the NPPF must allow Local Planning Authorities to continue to protect this important resource, and not create unreasonable evidence requirements.

Partial residential development of employment sites could undermine existing employment functions by other occupiers. There are also risks of landlords displacing firms to seek residential development, given the potential difference in land values.

National policy must make provision to ensure that the employment areas of new settlements are not vulnerable to being lost to residential use based on inappropriate policy tests. New settlements can deliver over periods of over 20 years and some employment land may not be delivered until towards the end of this period. For new settlements it would be inappropriate to allow the loss of employment land based on the length of time a site has been undeveloped or lack of evidence of market interest delivering development within two years.

Encouraging starter homes in mixed use commercial developments (question 16)

Summary of question:

14. Appropriate unlet units in commercial developments are to be encouraged to be converted into starter homes.

Summary response:

No response is proposed. This policy change is primarily aimed at struggling town centres rather than to the type of village centres found in South Cambridgeshire. Our Local Plan already allows for such changes of use where there would not be an unacceptable reduction in village services and facilities, and subject to viability and marketing criteria.

Encouraging starter homes in rural areas (questions 17 and 18)

Summary of questions:

15. It is proposed to allow starter homes to be provided on rural exception sites subject to the same 5 year restriction on resale. It is also proposed that a local connection test could be applied 'exceptionally' where local connections are important and access to the housing market for working people can be difficult.

Summary response:

The practical results of this proposed policy change are uncertain. It could lead to some landowners not making their land available for rural exception sites as the starter home residents would not necessarily have any local connection given that such a test is seen as exceptional and not of general application. Starter homes are subject to a 20% discount for the buyer which does not have to be recycled for subsequent purchasers after 5 years of residency. This gift from the landowner to purchasers with no local connection may make some landowners reluctant to make their land available for such developments. Local communities are unlikely to support proposals without a guarantee of perpetuity and local connection criteria. Experience of shared ownership sales on rural exception sites demonstrates that often purchasers do not come forward with a local connection and cascade provisions have to be implemented. This is likely to be exacerbated if all homes on rural exception sites are starter homes. It is also unclear whether you would still need to evidence the need for starter homes in line with existing policies on rural exception sites.

There is also some concern that a wholly exception site of starter homes will mean that the affordable housing asset targeted for local people will be lost as soon as the properties are sold on, resulting in a loss of affordable housing in rural areas. Village sites are often constrained and cannot grow in perpetuity, this would support a different approach to starter homes on exception sites such that the 20% discount is retained in perpetuity.

There would also appear to be a contradiction in terms of legislation where the Housing (Right to Acquire or Enfranchise) (Designated Rural Areas) was implemented to ensure affordable homes in specified areas was not lost to the open market.

Neighbourhood planning and starter homes (question 19)

Summary of question:

16. Policy is to be amended to allow Neighbourhood Plans to allocate small-scale sites in the Green Belt specifically for starter homes.

Summary response:

The NPPF at paragraph 89 already allows limited affordable housing for local community needs in the Green Belt. Extending this exception to starter homes may be attractive to some villages who see a need for some low cost market homes in the village but not for additional affordable homes.

Brownfield sites in the Green Belt (question 20)

Summary of question:

17. A very small amount of land in the Green Belt is previously developed brownfield land suitable for housing (0.1%). It is proposed that policy be changed to allow these sites to be redeveloped providing this would contribute to the delivery of starter homes. Additional flexibility is proposed in relation to impacts on the openness of the Green Belt.

Summary response:

Existing national policy requires that the development of such sites not have a greater impact on the openness of Green Belt land than the existing development on site. This can sometimes lead to it not being viable to redevelop such sites where contaminated or occupied by significant industrial structures. Provided that the development enabled is suitable, sensitively designed and the impact on openness is not substantial such a change would not have any major impact on the purposes of the Cambridge Green Belt.

Transitional arrangements (question 21)

18. The document states that Government does not consider it necessary for Local Plans now in the examination process to be revisited. A period of 6-12 months is considered to be sufficient to allow partial reviews of Local Plans to be undertaken.
19. Depending on the exact changes which are made to the NPPF, we will need to consider if any changes to the Local Plan are necessary to make the plan sound. Such changes would need to be subject to consultation and sustainability appraisal

before being submitted to the examination Inspector. This should not delay the Local Plan examination as further plan modifications requiring consultation are certain to arise through the examination process.

Options

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

Implications

21. 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

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

Legal

23. There are no direct legal implications of this report.

Staffing

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

Equality and Diversity

25. The consultation is accompanied by an Equalities Statement which identifies a number of impacts particularly in regard to the expanded definition of affordable housing and the release of more land for starter homes. The overall impact is stated to be not significant, and positive outcomes are identified for all groups provided that the number of additional homes arising is high enough to impact favourably on housing affordability. Also see questions 22 and 23 in Appendix 1.

Climate Change

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

Consultation (including from the Youth Council)

27. This report has been prepared in liaison with officers from across the Council including housing officers.

Effect on Strategic Aims

Aim 3: We will ensure that South Cambridgeshire continues to offer an outstanding quality of life for our residents.

28. The proposed response to consultation set out at Appendix 1 is intended to help secure a continued high quality of life for South Cambridgeshire residents.

Background Papers

Consultation on proposed changes to national planning policy and Equalities Statement (DCLG)

<https://www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes>

Autumn Statement 2015 (HM Treasury)

<https://www.gov.uk/government/publications/spending-review-and-autumn-statement-2015-documents>

Towards a one nation economy: A 10-point plan for boosting rural productivity (DEFRA and HM Treasury)

<https://www.gov.uk/government/publications/towards-a-one-nation-economy-a-10-point-plan-for-boosting-rural-productivity>

Fixing the Foundations: Creating a more prosperous nation (HM Treasury)

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443898/Productivity_Plan_web.pdf

Housing and Planning Bill

<http://services.parliament.uk/bills/2015-16/housingandplanning.html>

Appendices

Appendix 1: Proposed response to the consultation on proposed changes to the NPPF

Report Authors:

David Roberts – Principal Planning Policy Officer

Telephone: (01954) 71 3348

David.roberts@scambs.gov.uk

