

Planning for the right homes in the right places

Response from the Northern Housing Consortium

About us

The Northern Housing Consortium (NHC) is a membership organisation based in the North of England that works with local authorities and housing associations in the region to advance the cause of housing in the North. Our membership covers around 90% of all housing providers in the North. The NHC brings its members together to share ideas, represent their interests and to ensure they are heard at a regional and national government level. Our member organisations have contributed to this response and we welcome the opportunity to respond to this consultation.

Introduction

We recognise that this consultation paper is focused on providing the potential for greater pace, simplicity, and transparency around the planning process and that the proposals are not intended to capture the wider holistic role that housing can play in shaping communities. However, we feel strongly that proposals supporting the supply of the *right homes in the right places* could have given more recognition of the planning system as a significant driver of economic growth and quality of life through its importance in place-making.

A streamlined and simplified process for identifying housing requirements and increasing local authority discretion is supported, as is the proposed approach to testing the viability of development at the plan-making stage, rather than through individual planning applications.

Ultimately, many of our members remain concerned that proposals focus on a standard formulaic approach as a way of calculating local housing need where the starting point is a demographic baseline which does not allow for the complex and unique needs of local housing markets, which vary significantly from place to place.

For some parts of the North, we believe the standard methodology will create challenges concerning the alignment between housing need and economic growth and regeneration.

The supply of new homes is a vital cornerstone of economic growth, and we believe that local authorities in the North need to be supported in following through on their commitment to plans for growth. The proposed calculation of housing need risks putting the brakes on growth in many Northern planning areas.

Broadly, we support a standardised method as a positive step but without further modification we believe this will restrict growth in Northern locations. Planning for basic need in the North could lead to economic standstill and decline.

In our more detailed response to the consultation questions, we have suggested that further provision is required to support planning authorities in their ambitions for economic growth and to support regeneration where this is the appropriate solution.

Response to Consultation Questions

Question 1 (a): Do you agree with the proposed standard approach to assessing local housing need?

The NHC broadly welcomes a standardised approach to working out how many homes are needed as it provides an opportunity to stimulate a step-change and move development plans forward with efficiency and transparency.

However, it is already clear that the draft methodology, using household projections, will boost the housing requirement in the South and East, while depressing it in the North. We believe this contradicts wider economic policies such as the industrial strategy and Northern Powerhouse which aim to rebalance the UK economy.

We would like to see greater emphasis and confirmation that the standard is a minimum figure, and this is not a cap on growth and that those areas which, through their own evidence-based assessments have calculated a higher figure are able to plan for that growth. Further guidance is required on the factors which are acceptable for achieving a supply of housing linked to projections for economic growth.

Question 1(b): How can information on local housing need be made more transparent?

Planning services should be seen alongside other council services as part of the delivery of the corporate growth agenda. In this way, information on local housing need is part of a comprehensive approach to engagement with service users and stakeholders that is corporately led and that is integrated with the corporate approach to engagement and consultation and makes use of existing mechanisms (for example, the citizens panel).

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?

We would support a period of stability to avoid speculative development and ongoing reviews of local plans. Setting the figures from publication of the plan would avoid delays in the plan making process. The proposed methodology for assessments of need are not exact, and it would be best to recognise this in giving communities the greatest possible context of certainty in which to prepare their plans and only revisit the assessment when the plan comes to be reviewed.

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

We support a clear and justified method which should not lead to uncertainty.

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 the Planning Inspectors?

The proposed formula provides a good, and nationally consistent, starting point for deciding future levels of housing provision. It is important that the final scale and distribution of housing provision is considered and agreed by partners working at the level of the Housing Market Area (HMA). There also needs to be greater scope to reflect other local factors such as significant growth in local employment levels, land availability, transport planning and minerals and waste which can be better assessed through collaborative working at a HMA level.

In many areas of the North, significant economic growth is required and is currently planned for. The new method provides an average percentage decrease against the current plans across the North East, North West and Yorkshire & Humber of minus 23% on average.

We are concerned, therefore, that observance of the proposed method may have implications for growth in the North generally. The proposal stresses that local planning authorities can plan for more homes than the number arrived at by the methodology. However, there is likelihood that the forecasts will deter ambition in plans. When factoring in local community consultation, the existence of lower figures in a standard methodology may, understandably, be an important draw away from the more ambitious local plans.

There is a very real risk that northern local authorities may end up following housing requirements that are not supportive of growth strategies. The standard methodology forecasts that 50 local planning authorities in the North East, North West and Yorkshire and Humber will see a projected decrease in the planned number of homes. In our view, many of these are areas where social housing market assessments were based on employment growth.

For example, the North East SEP has set a target to help attract 100,000 'more and better jobs' by 2024/25. National population projections to 2036 expect regional household growth of 114,000 households. In order to maximise this growth a strong housing offer will be needed, recognising market demands for growth in locations of choice. The North East ambitions are to return to pre-recession housing rates and deliver more than 6,000 housing units a year.

The proposed methodology forecasts lower projections in half of the local authority areas covered by the North East SEP. It does not factor in job growth, affordable housing need and proposes that planning new homes to match economic growth and job creation is discretionary – all of which may jeopardise plans for growth in the North East.

If local planning authorities are deterred by the testing of economic growth calculations, they may limit their approach to the preferred calculation for local housing need without a connection to regeneration plans and employment ambitions. Where a local authority bases its housing requirement on the standard methodology, but evidence suggests this would not be sufficient to match the plan's economic strategy, this will mean that housing and employment strategies are not sufficiently joined up and will be a hindrance to economic ambition.

We would propose that further guidance is required on the parameters for achieving a supply of housing linked to projections for economic growth. A methodology is required to help local planning authorities to justify when they need to deviate from the standard, or there should be recognition of local methodology to support the uplift element, for example, guidance on 'compelling circumstances'.

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 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 a deferral be permitted?
- 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 5 year land supply and/or be measured for the purpose of the housing delivery test, across the area as a whole?
- 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 emerging local figure for housing need for the purposes of calculating 5 year land supply and to be measured for the purposes of the housing delivery test?

We support local planning authorities having the discretion based on local circumstances to plan for housing need in their area. Consideration should be given to where a planning authority is promoting an ambitious plan to deliver housing, such as a garden village. This will rely on significant infrastructure delivery, which is the subject of a successful bid for funding and therefore

likely to come forward. In which case an authority should be allowed discretion by the Secretary of State, in terms of applying the base line and five year housing land supply.

NHC members reported frustration at land purchasing where conflicting needs regarding economic return, time-consuming and lengthy processes ultimately lead to potential land for housing supply not being brought into pipeline. NHC members are seeking further clarification of the role the HCA in ensuring land with marginal viability could be deployed to boost housing supply

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

The phased implementation set out in the consultation recognises that some authorities will have committed time and resource into processing their plans, however, our members believe that the timescale is tight enough to risk some planning authorities missing the deadline and having to start again with the new standard. We would propose a further period of recognition of draft plans and an extension of 12-18 months.

Question 7

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

We agree that this could be an enabler for closer collaboration at an earlier stage of the planning process with collaboration to resolve the provision of unmet need.

However, our members felt strongly that the proposed arrangements could be extremely resource intensive. There could be many statements required for each local planning authority. The arrangements introduce additional opportunities for challenge to local plans, so a robust approach to the production of statements will be required, potentially detracting from other areas of work.

Consideration should, therefore, be given to how the government will support local collaborative working, either through being a signatory itself to the statement, or through some other mechanism. It will be essential that all partners are in agreement on the methodology and that it is fit for purpose moving forward.

Devolved arrangements with strategic planning powers have the opportunity for joint strategic planning over a sub-regional area however plans established through devolved arrangements tend to focus on economic growth rather than housing. Combined authorities should be committing in their plans to meet assessed housing needs for the combined area.

For Combined Authorities without statutory plan-making powers, to be effective and strategic, their approach will need to be reflected in the Local Plans of the constituent authorities. This leaves open key questions about the effectiveness of strategic planning for housing in those areas. In such areas, the elected Mayor is a key figure leading on successful joint working arrangements and their involvement in plans in the constituent local planning authorities will contribute to successful joint working.

There will need to be strong links within and between devolved administrations and between planning authorities and LEPs to draw up and deliver a strong strategy in each area.

There is also a practical issue about the capacity and resources of the Combined Authority administrations to prepare strategic housing plans, particularly if they are drawing on the planning expertise of individual constituent authorities.

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 publication of the statements is an additional area of work that will take time, including the involvement of elected members. It is likely that each local planning authority will be required to set up multiple statements which will increase the number of planning authorities involved and thereby signatures required. The democratic process of a planning authority agreeing a cross-boundary position on housing need, especially for local authorities that share boundaries with more than one other authority, can be a significant undertaking for planning officers who are tasked with increasing the pace of planning approvals.

Question 9

- a) Do you agree with the proposal to amend the test 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?
- b) Do you agree to the proposed transitional arrangements for amending the tests of soundness to ensure effective co-operation?

The NHC would agree with the amendment to the test of soundness if the inclusions reflect the urgent need for new homes, of all types and tenures, in Northern communities, including its rural areas. Given that the objective of the proposals is to simplify and accelerate the plan making process, our members are concerned that the tests must be clear, and not subject to interpretation in the event of a challenge.

The democratic processes within local government do not allow for this to be simplistic. A formal process will be needed that includes elected member engagement. As it is unclear how 'effective joint working' will be measured objectively we would seek further clarification on the measures against which these tests of soundness will be judged, otherwise they will be open to differing interpretations.

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 to plan the needs of particular groups?
- b) Do you agree that the current definition of older people within the NPPF is still fit for purpose?

We are pleased to see the proposal that housing need itself should be better disaggregated. There is an under-supply of high quality housing in the right locations that suits the needs of older people and this deficiency is projected to increase. In the North East, North West and Yorkshire and Humber the numbers of people aged 65 and older will increase by an average of 18% by 2024. In the North West for example, this equates to an over-65 aged population of more than 2 million by 2024 with total specialist housing currently in the region of 4,359.

Our members have concerns that any process for identifying the housing need for individual groups would require separate, specific needs assessment and we believe guidance is needed for identifying need on this growing issue.

Question 11

- (a) should a local plan set out the housing need for designated neighbourhood planning areas and parished areas within the area?
- (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 Local Plan process is to identify housing need over the housing market area and then to allocate sites which are the most sustainable and best meet the strategic objectives set for the plan. So we would agree that Local Plans should identify housing need for neighbourhoods.

If housing need cannot be met in the most sustainable way in that neighbourhood, and may be better met elsewhere, the Local Plan should allocate accordingly in the most sustainable and appropriate way.

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?

While we support greater certainty for infrastructure and how this aligns to development plans, allocations and their phasing, the reality of this is extremely complex and our members envisage the complexities of delivering

infrastructure projects and working with developers on competing schemes will mean this cannot be simplified.

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

The NHC would welcome changes to policy and guidance that would support a more transparent approach and allow local authorities to assess developer's claims when sites become unviable.

Any amendments to the viability test should support the House of Lords Built Environment Committee recommendation that the viability test needs revision to ensure that it is not 'used to compromise the ability of local authorities to meet housing need, including affordable housing need, as determined through development plans'.

Some of our local authority members raised concerns that the viability test can be undermined by developers where plans are 'policy compliant' i.e. include the delivery of high-quality mixed tenure homes, and particularly affordable homes. Unviability can be used to undermine plans to avoid the need to meet local plan policy requirements where this could affect the profit of developers and the amount of affordable homes delivered through section 106 falls as a result. Research by Shelter has found that the use of such viability assessments in 11 local authorities across England contributed to 79% fewer affordable homes being built.

Any changes to the viability test must therefore address these fundamental concerns.

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?

We feel that it is unrealistic that proposals will not need to be tested again 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?

It will be essential that the housing sector and local councils are in agreement on the arrangements and methodology and that it is fit for purpose moving forward. Issues of viability need to be identified at a very early stage with the ambition of smooth delivery of market-ready social housing. This could be seen as an enabler for closer collaboration at a much earlier stage of the planning process.

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?

Local authority members have reported to us that it is increasingly difficult to complete viability assessments at the outline planning stage. This is resulting in more delays, as permissions may not be deliverable and warrant greater consideration. We would support a more streamlined viability assessment, with a more standardised approach to reporting.

Any revision to NPPF guidance should recognise that unviable sites may need to be brought forward with an acceptance of the need for outside funding.

Question 17

- a) Do you agree that LPA's 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?
- b) What factors should we take into account in preparing guidance on a standard approach to monitoring and reporting planning obligations?
- c) How can LPA's 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?

We agree that planning agreements must be transparent so that communities can be aware of the benefits gained. This must be fair and deliverable for the local authority as any new measures will be in addition to the existing requirements in relation to S106 and Community Infrastructure Levy. This could include key information only – the type and amount of contribution.

The current system of planning obligations often causes delays as a result of lengthy negotiation. This can result in a loss of identified measures to mitigate the impact of development, including capital monies, due to lack of collection, enforcement of agreements, or due to the need to return monies to developers as a result of failure to use these appropriately and in a timely manner.

It is right to give consideration to ensuring there is sufficient transparency but this must take into account minimising the resources required to maintain and publish records. This could include planning agreements being clearly tracked with an audit trail of their usage and the adherence to relevant triggers for payments.

To help councils improve monitoring of contributions and better publicise infrastructure and local services secured through new development, Section 106 planning agreements should include clauses requiring the applicant/developer to provide written formal notice 28 days prior to the commencement of development and similarly at the stages of development

which trigger the payment of contributions during the phases of that development. If this was put on a more formal footing it would also assist in helping local authorities to secure and deploy the funds in a timely manner.

Given the significant potential of infrastructure benefits, councils should consider a corporate S106 monitoring group including representatives from finance, planning, management, housing, economic development, leisure and transport.

Planning Fees - Question 18

- a) Do you agree that a further 20% fee increase should be applied to those LPA's who are delivering the homes their communities need? What should be the criteria to measure this?
- b) Do you think there are more appropriate circumstances when a LPA should be able to charge the further 20%? If so, do you have views on how these circumstances could work in practice?
- c) Should any additional fee increase be applied nationally once all LPA's meet the required criteria, or only to the individual authorities who meet them?
- d) Are there any other issues we should consider in developing a framework for this additional fee increase?

We support an increase in planning fees if that contributes towards additional resources for local authorities. Not only will this support additional officer capacity and better staff retention, it will support housing growth and the resources required to support the Growth Deal, Housing Infrastructure Fund, development of council housing stock.

Our members felt that a significant barrier exists due to a lack of capacity both in planning departments and across local government more generally. We welcome the acknowledgment by government that local planning authorities need greater support capacity, particularly in light of the additional demands being made upon local planning authorities through this proposal. The concern of NHC members relates to capacity in delivery (use of CPO's or site assembly skills), in developing pipeline of supply where sites are stalled, in tackling poor conditions in the private rented sector and in developing new effective housing strategies.

Introducing a national increase in the planning fee to build capacity and capability in council housing functions, we believe will help to meet the government's target for building more homes but feel that the capacity issues in local councils may still be undermined by the wider budget reductions.

We would support the setting of planning fees including at least some degree of local determination delegated to local planning authorities to allow them to recover the full cost of processing planning applications. The Housing White Paper recognised the need to boost local authority capacity and capability to deliver planning cases and, while there is commitment from local authorities to

take on greater responsibilities, additional resources are necessary for successful delivery.

NHC members also felt that consideration should be given to ensuring SME firms were not further disadvantaged by an increase. The inclusion of fee refunds would be one consideration or a further streamlining or fast-tracking of planning process for “approved” SME builders and designated small housing sites.

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?

Successful delivery of sufficient homes also requires government to support the work of local partners including through the provision of adequate funding for strategic infrastructure which will be essential to enable large scale housing provision. The limitation of having to access several contributions to deliver one key infrastructure on site is leading to challenges around viability of delivery. Therefore, clearer guidance and streamlined provision of funding through HCA is required.

There remains a concern amongst our local authority members that the proposals will increase significantly the responsibilities for local planning authorities and that the proposed fee structure may not counter the decline in skilled planning officers on the ground to provide adequately resourced planning departments to deliver complex services at the pace required.

On a final point, in meeting housing need, a holistic approach is required with policies and strategies being based on place and promoting well-being. We would support greater emphasis being introduced through the NPPF regarding the importance of place and promoting well-being in local and neighbourhood plans alongside a renewed emphasis on the quality of new homes, spatial standards and housing that meets the needs of all within communities.