

PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACE - THE COUNCIL'S RESPONSE

<u>Report of the:</u>	Head of Place Development
<u>Contact:</u>	Mark Berry, Karol Jakubczyk
Urgent Decision?(yes/no)	No
If yes, reason urgent decision required:	
<u>Annexes/Appendices (attached):</u>	Annexe 1: Draft response to “Planning for the right homes in the right places” Annexe 2: Planning for the right homes in the right places: consultation proposals
<u>Other available papers (not attached):</u>	The Housing White Paper The Kingston and North East Surrey Strategic Housing Market Assessment Housing Need consultation data table

REPORT SUMMARY

The government has published a consultation paper seeking proposed changes to the planning system that it believes will help meet the objectives set out in the Housing White Paper, published at the end of last year. The proposals include:

1. A standard national methodology for calculating local housing need;
2. Measures to improve relationships between local planning authorities in planning to meet housing and other cross-boundary issues;
3. A new approach to planning for a mix of housing needs;
4. Proposals to improve the use of Section 106 agreements by making viability assessments simpler, quicker and more transparent; and
5. A series of proposals relating to additional increases to fees for planning applications.

In addition to the proposals themselves, the government has also published indicative housing need figures for every planning authority in England – these being based on their proposed methodology. The figure they have indicatively identified for Epsom & Ewell is significantly higher (39%) than the scale of need identified in our own evidence. These matters are of concern.

The report includes draft comments that could form the basis of the Council's response to these proposals.

RECOMMENDATION (S)

Notes

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| <ol style="list-style-type: none">1. The Committee considers the draft comments to the government's proposals and that this, subject to any changes, forms the basis of the Council's response to the consultation.2. That subject to the agreement of the Committee, the Borough Council's formal response to the consultation be published as part of the current Local Plan consultation process; in order to inform local residents and communities of the fact that the government are driving the scale of growth proposed for Epsom & Ewell. For clarification; the Borough's current housing target is 181 new homes per annum, the Borough Council's objectively assessed housing needs calculation identifies demand for 418 new homes per annum, whilst the government's figure raises that assessment to 579 new homes per annum. | |
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1 Implications for the Council's Key Priorities, Service Plans and Sustainable Community Strategy

- 1.1 The proposals contained within the consultation paper have significant implications for the Council's key priorities, particularly in terms of meeting our housing needs; how we deliver affordable housing; how we work with our neighbours on strategic matters, providing essential community infrastructure to support growth; and especially in terms of the likely impact of higher level of development on the Borough's visual character and appearance. The proposals will also have a significant impact on many of the Council's other key priorities including economic vitality, quality of life, visual appearance and sustainability.
- 1.1 The Epsom & Ewell Borough Local Plan assists in the spatial delivery of the objectives of the Sustainable Community Strategy and the Council's Key Priorities. The effectiveness of these policies, and by extension the effective delivery of the Local Plan, will be compromised by the proposed changes.

2 Background

- 2.1 The government's stated objective for the Housing White Paper was to support the delivery of high quality new homes that it believes the country needs. The White Paper firmly placed the emphasis upon local planning authorities meeting that objective. When the White Paper came before this Committee in January 2017 it was noted that the government's proposals would make it easier for developers to deliver new homes on sites of their preference. The tone and content of the current consultation paper are testament to this concern.

- 2.2 The government had signalled its intention to undertake further consultation on some of the key proposals set out in the Housing White Paper. In particular, the substance of the proposed national standard methodology for calculating housing need was eagerly anticipated. However, the publication of indicative housing need figures for all local planning authorities came as a surprise, especially so given previous government proclamations on top-down planning. The indicative housing needs figures are reproduced in Annexe 3.
- 2.3 The government states that subject to the outcome of this consultation and the responses received in respect of the Housing White Paper, it intends to publish an updated National Planning Policy Framework in Spring 2018. A copy of the Consultation Paper is included in Annexe 2.

3 Commentary

- 3.1 The consultation is divided into topic areas. The following commentary addresses these under their headings.

Proposed approach to calculating the local housing need

- 3.2 It is significant that the consultation coincides with our own Local Plan Issues & Options Consultation exercise. The latter exercise seeks comments on the challenges that the Borough faces in its attempts to address a high objectively assessed housing need (OAHN) figure whilst not having a sufficient supply of available, deliverable and developable sites. For the purposes of clarity, our OAHN equates to 418 new homes per annum (or 7106 new homes between 2015 until 2032) and we have to date identified 61 possible sites that could accommodate about 1819 new homes; based on current policies, specifically in terms of building height and density.
- 3.3 The government's current consultation is significant because the Secretary of State has proposed a new standard methodology for calculating the OAHN, which he expects all local planning authorities to adopt. The proposed methodology is over-simplified and generates a high OAHN for those locations, such as Epsom & Ewell, that have been successful in delivering large numbers of new housing and where values have remained high. Furthermore, the current proposals seek to conflate the assessed OAHN figure with a housing target.

- 3.4 Alongside the proposed standard methodology the government has provided what it describes as an indicative assessment of OAHN for every local planning authority in the country. This is a significant departure as it effectively reintroduces a top-down approach to the identification of housing targets. Whilst the proposals provide local planning authorities with an opportunity to undertake their own assessments (using the prescribed national methodology), they are very clear that such assessments must not arrive at a figure less than that identified by the government's own calculations. The government has calculated that our OAHN under the proposed standard methodology is 579 new homes per annum. As stated, the presumption from government appears to be that this becomes our housing target.
- 3.5 The government assessment of OAHN for all local planning authorities can be viewed through the following link in the documents section, 'Housing need consultation data table':
- <https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>
- 3.6 The draft consultation response (included under Annexe 1) proposes robust answers to the questions relating to the proposed standard methodology and resulting indicative figures. As stated, it is significant that this has surfaced in parallel to our own consultation. It is considered that our residents and local communities should be advised who is responsible for the high level of housing growth that the Borough Council is being forced to plan for – through the Local Plan. There is a common misconception that this process is being driven by the Borough Council, when in reality it is a Westminster based agenda. To this end, the Report includes a recommendation that the current Local Plan Issues & Options consultation be used as an opportunity to clarify this position for our residents and communities.

Statement of Common Ground

- 3.7 The planning policy vacuum created by the revocation of regional spatial strategies has become a persistent issue for all local planning authorities outside Greater London¹. The proposed solution, the Duty to Co-operate, is ill-defined and has been slow and unpredictable in its evolution. In a further attempt to address these shortcomings, the government are now proposing to introduce a requirement that local planning authorities pursue statements of common ground. The Secretary of States considers such statements provide a road map and a record of cross-boundary co-operation. The government believes that once introduced these will help authorities discharge their Duty to Co-operate.

¹ Greater London, under the GLA, has retained a strategic planning tier.

- 3.8 Whilst these proposals are welcomed, they continue to fall short as a substitute for strategic planning. Indeed, many planning authorities, particularly those who are planning positively to meet the challenges of growth will have already established statements of common ground, as it is a logical path to tread.
- 3.9 The Borough Council is already in discussion with its three Housing Market Area partners (Elmbridge, Kingston and Mole Valley), in conjunction with whom our original OAHN was calculated, on how the Duty can be discharged collectively. There are strong indications that these discussions will result in an approach that exceeds that being handed down through this current consultation.
- 3.10 It is considered perverse that the government are with one hand dispensing de facto housing targets that effectively remove the need for co-operation on the delivery of growth and yet with other trying to bind authorities to work together. In this respect the proposed top-down approach to OAHN is considered a disincentive to strategic planning and partnership.

Planning for a mix of housing needs

- 3.11 Alongside the proposals for a simplified national standard methodology for calculating OAHN, the Secretary of State is also seeking suggestions on how related housing needs assessments for individual groups (such as the elderly, students, disabled people and single people) could be similarly simplified.
- 3.12 Currently, in order to prepare a robust and sound assessment for such individual groups, planning authorities produce SHMAs. Should this assessment be reduced to a three-part calculations, as the OAHN has, it is doubtful whether the outcomes would be robust or sound. This suggests that local planning authorities would still have to prepare their own individual SHMAs utilising methodologies that respond to local conditions and circumstances.

Neighbourhood planning

- 3.13 In parallel to the top-down assessments of housing need, the consultation also includes a series of questions relating to neighbourhood planning. These appear to refer to the previous government's 'localism' agenda. It is noteworthy that the Borough has long established residents' associations that serve as an expression of localism. Whilst these associations have a political dimension, and several are registered as political parties, they also function as associations of residents working together for the benefit of their local area.

- 3.14 While the borough does not have any neighbourhood plans, it is recommended that the Borough Council responds on the proposals being put forward – as they relate to the apportionment of housing where neighbourhood bodies do exist. The proposal, which seeks to pro-rata annual housing targets among neighbourhood plan areas is over-simplified and arbitrary taking no account of on the ground conditions or circumstances. Rather than encourage local communities to plan for growth it serves as a significant disincentive to localism.

Proposed approach to viability assessments

- 3.15 Development finance and viability continues to be an issue of great interest – particularly where it impacts upon the scale of developer contributions. To this end the government are proposing changes to how development viability is assessed and the validity of those assessments.
- 3.16 The government propose to ‘front-load’ the viability assessment process through local plan-making. This would be achieved by testing the impact of policy upon development viability at the point of policy drafting. In theory this should provide greater certainty and weight to those policies. However, the indications are that the government is itself uncertain as to how robust such an approach would prove. So whilst this may appear to offer a tantalising solution to the issue of development viability, it may in reality only unearth a new series of problems. We have advised that even greater weight be afforded to viability tested policies – as this would provide certainty.

Planning fees

- 3.17 The consultation raises the prospect of an additional rise of 20% (on top of the 20% already proposed) to planning fees. However, only those authorities that meet the housing target identified by government (the so called indicative figure) will qualify for the additional increase. We suggest that the proposed reward approach will not help those planning authorities that struggle, for whatever reason, to meet the government’s target.
- 3.18 In response, it is suggested that the government considers an approach that allows local planning authorities that are responding positively to the challenges of the housing target to access funding from this source. This will benefit local developers, particularly SME builders, just as much as local planning authorities.

4 Financial and Manpower Implications

- 4.1 The resourcing of the current Local Plan work programme was approved by the Strategy & Resources Committee during the final quarter of 2012. That work programme did not factor in any additional work that may be required following the implementation of the proposed changes to national planning policy. Consequently, some adjustment in our priorities is likely.

- 4.2 Should the government proceed with all of its proposals then there are likely to be financial and manpower implications for the Borough Council in respect of how it conducts its Local Plan preparation and production. Notably, the proposals are likely to generate the need for additional/ supplementary evidence (on housing need and development viability), which will have to be procured from external sources.
- 4.3 There is a genuine possibility that the implementation of these proposals will have an impact on our current Local Plan Programme timetable. In order to meet this risk, it is strongly advised that the Borough Council consider retaining the Planning Policy Team's current compliment; specifically the Senior Planning Policy Officer; beyond their current contract. This action is progressing as a separate exercise.
- 4.4 **Chief Finance Officer's comments:** *There are no direct financial implications of the Council's response to the Government's consultation. Once the Government formalises any policy changes following the consultation, the Council will need to plan accordingly for the financial impact.*

5 Legal Implications (including implications for matters relating to equality)

- 5.1 **Monitoring Officer's comments:** *This report considers the Council's response to a Government consultation. There are no direct implications arising from the report – the likely impact of the Government's proposals have been considered in the body of the report. Depending on how such matters are brought into effect, the Council will need directly to address the policy challenges as the Local Plan Programme progresses.*
- 5.2 *The process for maintaining the Senior Planning Policy Officer beyond their current contracted period is separate from this decision and may require a report to the Strategy & Resources Committee.*

6 Sustainability Policy and Community Safety Implications

- 6.1 The scale of future housing indicated by the government's housing target threatens to undermine the Borough Council's ability to deliver sustainable development. In particular, the proposals in the consultation paper appear to seek the delivery of more housing, at higher densities, at any cost. Such a quantitative approach towards delivering growth is of great concern.
- 6.2 In contrast to the proposals set out in the White Paper, all of our Local Plan policies have been subject to sustainability appraisal as an integral part of the plan-making process. These sustainability appraisals have themselves been subject to public consultation.
- 6.3 There are no significant Community Safety implications.

7 Partnerships

- 7.1 The proposal relating to the preparation of Statements of Common Ground between neighbouring planning authorities has implications for partnership working. The Borough Council has already begun a relationship with its Housing Market Area partners (Elmbridge, Mole Valley and the Royal Borough of Kingston), which may be undermined by the government's proposal. In that respect, the Borough Council may need to re-examine how it considers and responds to strategic cross-boundary issues arising from the plan-making process.

8 Risk Assessment

- 8.1 It is highlighted that the government's proposals are the subject of consultation. The government has stated that there will be a rapid turn-around following the close of consultation, with the changes coming into effect during Spring 2018. There will be a brief transition period. This will allow those planning authorities submitting draft plans for examinations on or before 31 March 2018 to utilise their own OAHN figures. Those submitting after that date will be required to use the national standard methodology.
- 8.2 It is also noted that the government has taken little notice of any criticism to its policy response to the housing crisis. Therefore it is likely that the government will proceed to implement these proposal regardless of any objection. On that basis, the Borough Council must prepare for potential scenarios that may bring it into conflict with national planning policy. Most notably, those related to unmet housing need – resulting from an insufficient housing sites; constrained supply; and lack of infrastructure capacity.
- 8.3 Our Local Plan Programme envisages submission during May 2018. Whilst the changes in national policy and approach to OAHN will not completely invalidate the outputs from our SHMA, we will be expected to work to either the government's indicative OAHN figure or calculate a fresh OAHN based on the national standard methodology, whichever is the higher. All our current evidence demonstrates that it will be extremely challenging for us to fully meet our OAHN.
- 8.4 If we are unable to fully meet our OAHN, we will need to consider how we can demonstrate to an Inspector how we will try to do the best that we can to meet as much OAHN as sustainably possible. This will require us to robustly demonstrate that we have assessed every single available, deliverable and developable housing option. This may require further investment in evidence to support our position at the future Examination in Public.

- 8.5 There are risks with this approach as the Planning Inspectorate's approach to unmet OAHN continues to evolve. We will seek to minimise this risk by ensuring that our evidence continues to be up-to-date, robust and informed by market signals. We will also continue to develop our relationship with our HMA partners, with a view to obtaining their support through the examination process. We will also closely monitor relevant local plan examinations in order to ensure that we continue to understand the challenges that we face.

9 Conclusion and Recommendations

- 9.1 This is an opportunity for the Borough Council to deliver a strong message to government saying that it is unhappy with the proposed top-down approach to identifying OAHN, and effectively providing local planning authorities with an undeliverable housing target. In parallel there is also an opportunity for the Borough Council to demonstrate to local residents and communities that it is the government who are driving the high, unsustainable levels of growth and the inevitable release of Green Belt land which will be required to accommodate it. Previous responses to similar consultations have been ineffective and have fallen on deaf ears. The Borough Council has a good track record of responding positively to the challenges of planning for future growth and wants to be left alone to get on with it.
- 9.2 The Committee are asked to consider the draft responses to the consultation paper and subject to any amendments and additions agree that these form the basis of the Borough Council's response.
- 9.3 The Committee agrees that the Borough Council's formal response be published on the Council's website alongside the current Local Plan consultation process – so as to inform local residents and communities of the fact that the government are driving the scale of growth proposed for Epsom & Ewell.

WARD(S) AFFECTED: (All Wards);