

Introduction

Lancaster City Council welcome the opportunity to provide a response to the Government's consultation on potential changes to the planning system.

In summary, whilst a simplified approach to calculating future housing requirements is welcomed further clarity is required on how this will be prepared and implemented. There is for example presently no guidance on how any backlog previously built up under the old calculations will be taken into account and the timeframe for which future calculations will be based.

Under current practice backlog is taken into account through the arithmetic for calculating an areas objectively assessed need with this figure ultimately having regard to ant past periods of under delivery. The emerging methodology provides no guidance on this implying that any backlog will be wiped off once the new requirement is calculated with this representing the new base date.

This has implications for calculating both longer term delivery and the five year supply position. Further clarity on this is therefore required.

Similarly greater clarity is required on the components of the housing requirement. There is for example no description on how students have been taken into account in the figures. For a University authority this is obviously a key component of our housing market. Whilst it is assumed that these are included in the ONS data and as such the overall figure confirmation of this is required.

Question 1

- a) **Do you agree with the proposed standard approach to assessing local housing need? If not, what alternative approach or other factors should be considered?**

Proposed Council Response

Whilst there is great merit in providing a standardised methodology to assessing housing need not least that a more simplified approach is more accessible to those without technical expertise, the methodology presented in the consultation paper is considered somewhat flawed.

From the perspective of a Local Planning Authority which would see a reduction in the Objectively Assessed Need as do many in the north of England, the current approach shows real ambition from national government for authorities to seek to fulfil unmet economic potential. Unfortunately the methodology as proposed removes government backing for such an approach which feels alien with the Government's support for a Northern Powerhouse. Removing the need to align housing and economic growth needs, leaves the argument up to local authorities to agree whether they should seek to meet economic potential, whilst this puts more control in the hands of local decision making, it may have a reverse outcome to that intended from the consultation of a reducing protracted discussion over Objectively Assessed Need. We would strongly urge that more recognition is given to authorities where there is unmet economic potential that that Local Planning Authorities should be seeking to plan for this where constrains allow.

The Council generally supports a methodology which seeks to ensure that those areas where the greatest level of affordable need exists are required to provide additional housing to address this issue, which is not dissimilar from the current methodology where market signals are taken into account. The proposed methodology would remove some of the ambiguity as to the level of additional uplift based upon market signals, which is a positive step forward. However, it must be

recognised that by doing so, this seeks to provide housing where demand is greatest i.e. the South East and Greater London regions rather than seeking to provide a spatial approach which would seek to rebalance economic growth towards the Northern Powerhouse and may lead to a continuation of problems through a widening north-south divide. Housing affordability is also a moving feast, with significant changes in affordability over a short period of time dependent upon market conditions.

Finally, as per the original proposals in the Local Plan Expert Group's report in March 2016, taking long term migration into account would provide a more robust approach to understanding long term need rather than basing an approach on household projections which can be significantly influenced by short term economic circumstances. This can be seen in the differences that lie between the 2012 and 2014 projections, where the latter projections in Lancaster shows a figure of 54 additional homes per annum projected, which over a 15 year plan period results in 804 homes, which can be quite significant in providing for land allocations. Such an approach may be achieved through a sense check of the previous Sub National Household Projections.

b) How can information on local housing need be made more transparent?

Proposed Council Response

It is important that information needed to make the assessment is made centrally available for those without specialist skills. Whilst the two elements that make up the proposed approach are retrievable from ONS, they are not easily accessible for those without an understanding of where to look. Local Authorities should also set out in brief papers what they expect their housing need to be, i.e. where they propose to plan for higher levels of need based on economic growth. This is likely to require a more simplified Strategic Housing Market Assessment.

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?

Proposed Council Response

It is agreed that this would be sensible as it would not invalidate a submitted plan during the course of examination. However, this leads a vacuum gap between publication and submission, and it may be advisable to consider for example, a three year period from the point that a plan is publishes instead of two years from the point of submission.

Question 3:

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

Proposed Council Response:

Yes. Given the importance of address the housing shortages within the country and recognising the controversial nature of identifying land for new housing development, it is important that these matters are addressed using a sound and robust method of calculation. Such an approach will ensure that local communities understand how such requirements have been arrived at.

However, there is concern over the standardised approach which has been proposed unnecessarily highlighted a baseline position (or starting point) for housing delivery which makes use of demographic profiles. The publication of such figures will be seen by many as 'the housing requirement' for the LPA area without considering the need for economic growth.

This will make it significantly more difficult for LPAs to justify economic growth, as this appears too much as an optional approach.

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 Planning Inspectors?

Proposed Council Response:

There should be scrutiny with the outcomes of all plans, this includes where plan seeks to deliver development which is more, less or at the baseline position.

Where a plan seeks to identify less than the baseline position, it is important that this is based on robust evidence and a genuine and thorough investigation of all reasonable alternatives, including opportunities to meet development needs within the plan area or through assistance from neighbours.

Where a plan seeks to identify more than the baseline position, it is important that genuine and robust evidence should be provided to justify that such an uplift is reasonable and realistic. It should not be the case that plans which provide for uplift (for economic growth or other reasons) should not be scrutinised (as the consultation paper appears to infer).

Where plans seek to merely meet the baseline position provided by the Government, this should be accompanied by evidence to show that potential opportunities have been thoroughly investigated.

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 planning 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 deferral be permitted?**

Proposed Council Response:

Yes. As acknowledged in the consultation paper there may be circumstances where plans take longer to bring forward, especially where authorities are pursuing ambitious proposals for growth and significant infrastructure proposals. Authorities should not be penalised for such ambition. This will need to be taken into account on a case by case basis having regard to the progress made. It is recognised that in such circumstance local authorities will need to evidence progress providing confidence to the Secretary of State that deferring the baseline is appropriate.

- 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 five year land supply and/or be measured for the purposes of the Housing Delivery Test, across the area as a whole?**

Council Proposed Response:

It would seem sensible to calculate the five year housing land supply on the same area basis used to prepare the Local Plan and wider evidence base.

- 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 an emerging local plan figure for housing need**

for the purposes of calculating five year land supply and to be measured for the purposes of the Housing Delivery Test?

Proposed Council Response:

No specific views on this at this time. Further clarity will be required to explore this matter.

Question 6

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

Proposed Council Response:

It is agreed that a transitional period is required to ensure that plans which are in the latter stages of preparation are not subject to unnecessary and inappropriate delay. There is concern that the transitional periods highlighted in the consultation paper are not sufficient particularly in the context of the expected review to the NPPF. Any revisions to the NPPF should be finalised before any transitional period ends.

Question 7

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

Proposed Council Response:

Yes, because it allows for a record to be kept of what has been done but also of the degree of progress or agreement, and the process allows for repeat iterations at different stages of plan-making. Qualified subject to:

- Concern about workload, in spite of the claims in paragraph 65 of the consultation document. DTC has already grown considerably in scope and effort since it was introduced, because best practice and methods were not clear to all parties at the outset;
- Some DTC matters are not conveniently dealt with just within HMAs, including minerals, waste, transport and AONB planning;
- Clarification of the role of elected members in the new process.

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?

Proposed Council Response:

No comment on this matter.

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?

Proposed Council Response:

No comment on this matter.

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?

Proposed Council Response:

The timescales provided appear to be reasonable and achievable. It is important that a deadline is provided to establish a framework and basis for the Statement of Common Ground, this should be finalised and published in advance of discussions on matters of detail. It is important that an appropriate length of time is provided to address matters of detail, particularly complex matters such as housing distribution. Resolutions to such matters may be challenging and complex and therefore the 12 month period given may be unrealistic and it is recommended that the timescales for preparation of the Statement should be tied closer to the plan-preparation process itself (i.e. the Statement must be completed prior to the Submission of the plan to ensure soundness). If need calculations are set for local authority areas there will be less scope or need to negotiate this matter with neighbouring authorities.

Question 9

- a) **Do you agree with the proposal to amend the tests of soundness to include that:**
- a. **Plans should be prepared based on a strategy informed by agreements over the wider area;**
 - b. **Plans should be based on effective joint working on cross-boundary strategic priorities, which are evidenced in the statement of common ground?**

Proposed Council Response:

Yes. In the absence of any wider strategic function within the regions, it is important that LPAs consider the wider impacts of their local plans from across their boundaries, particularly in relation to economic and housing matters. The ability to discuss such challenges, share relevant evidence and come to agreements over common ground (or indeed the lack of common ground) is important and should be maintained, either via the Duty-to-Cooperate process or a new process involving Statements of Common Ground.

The ability to demonstrate the cross-boundary matters have been recognised, considered and discussed with neighbours remains a key element of the plan making process.

- b) **Do you agree to the proposed transitional arrangements for amending the tests of soundness to ensure effective co-operation?**

Proposed Council Response:

Agree with the proposed transitional arrangements, particularly given the staged approach taken.

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 plan to meet the needs of particular groups?**

Proposed Council Response:

Unfortunately at present this element of the consultation without a clearer understanding of how it would work in practice is rather ambiguous. The Council has appointed consultants to prepare a Strategic Housing Market Assessment to understand the needs of different groups, this includes

both a qualitative and quantitative understanding of the level of need for these groups. As such it is unclear how the proposals would result in significant changes. The Council agrees that it is important to understand the needs of different section of the community in order to understand full housing need as this helps to shape policy decision in the Local Plan.

b) Do you agree that the current definition of older people within the National Planning Policy Framework is still fit-for-purpose?

Proposed Council Response:

Further clarity should be provided about why the Government feel it necessary to amend the definition of older people within the NPPF.

Question 11:

a) Should a local plan set out the housing need for designated neighbourhood planning areas and parished areas within the area?

Proposed Council Response:

The principles of providing Neighbourhood Plan Groups with a specific housing need would provide certainty to local communities over the scale of housing required in their area. However, there are several fundamental challenges to such an approach ever being implementable.

Firstly, it is not clear what robust evidence could be used to demonstrate and justify the figure provided to local communities, particularly in occasions where there is an expectation from the LPA that the Neighbourhood Plan (NP) area has the opportunities to meet wider development needs than merely the needs of the specific community within the NP area.

Any numerical figure provided for NP's is likely to be immediately challenged, from the local communities who will suggest the need is too high and the development industry who will suggest the need is insufficient. This will lead to significant challenges with the NP system as NP groups will seek to challenge the need with their own evidence and the development industry seeking to challenge plans on the basis that they are not addressing housing needs sufficiently.

Therefore, secondly, the imposition of a 'number' on local communities to delivery will in the majority of cases be disputed and challenged, leading to further delays to the plan-making process.

The only way for such a process to be effective would be to make the figures placed on NPs 'strategic' in nature, providing the NP groups no scope or opportunity to dispute the requirement through the preparation of alternative evidence or the preparation of a plan which runs contrary to such a requirement. In essence, if the NP fails to meet with the housing need identified it also fails the basic conditions (unless there are exceptional circumstances to demonstrate why this need cannot be met). Such an approach however would appear to run contrary to the basic principles of neighbourhood planning in terms of communities making their own decisions in relation to the delivery of developed.

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?

Proposed Council Response:

No. Experiences from working with NP groups suggest that each community feels that their area is unique and different. The imposition of a formula-based approach (i.e. one size fits all) is not likely to be supported particularly where the outcomes of such a formula result in the delivery of significant development.

The two key elements of understanding opportunities for development in NP areas are an understanding of housing needs from the SHMA process and an understanding of land availability via the SHLAA / SHELAA / SHELMA process. With a good understanding from both of these elements a locally specific approach for each NP can be achieved (provided such evidence is accepted by local communities).

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?

Proposed Council Response

Yes. It is important that LPAs, via the plan making process highlight the types of housing needed with their areas and then are given the correct support from National Government to actually deliver this. LPAs have a good understanding of what type of housing is needed in their areas, however this housing (whether affordable housing, first-time buyers housing or other housing for specialist sections of the community) can be impossible to effectively deliver given the development industries drive towards building the most-profitable types of housing. The NPPF is deficient in ensuring that LPAs have the most effective set of tools to ensure the right housing is built in the right places.

In terms of infrastructure, it is clear from consultations on plan-making that the demands and impacts on infrastructure are critical to local communities who see new development as a threat to such services. It is therefore correct and important for the plan-making process to set out what new infrastructure is required, when it is required and how it will be paid for. This level of certainty not only works for local communities but also provides certainty to the development industry who can take account of infrastructure demands when going through the land acquisition, planning application and construction phases of development.

Question 13

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

Proposed Council Response:

One of the main areas of discrepancy relates to land value and threshold and benchmark land values. Guidance could be made clearer as to arriving at a definition of threshold land value. The Harman Guidance currently advocates taking a residual based approach which the Council agrees with. However, determining a threshold land value is contentious amongst developers and local authorities and can vary significantly within a district with different sub markets. It is important that there is a consistent and clear methodology in identifying threshold land value, and whilst this should not swing vastly in the favour of either Local Authority, developer or landowner, it should enable housing to be delivered.

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?

Proposed Council Response:

Whilst such an approach has obvious merits in reducing conflict at the application stage, there are considerations which would make such an approach hard to work in practice. For example, where abnormalities exist, where market conditions change etc. It is likely that such an approach would require a larger buffer to ensure that schemes were viable, this may have an impact on the overall level of affordable housing required by policy and thereby reduce affordable housing delivery. Whilst the principle is supported there are concerns over how realistic such an approach is. Given the sheer scale and number of challenges received from the development industry to viability matters it is not clear that a simple assumption that these matters have been addressed at the plan making stage will be sufficient. Matters such as site-specific abnormalities or a local plan which may be 3 to 4 years old (hence claims that the viability testing is out of date) will be predictable arguments which will continue to drain LPA resources on matters of development viability.

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?

Proposed Council Response:

The Council has recently held a consultation on the potential of introducing fixed transfer values. This was on the request of a Registered Provider who considered that they were not able to compete in the market with other providers offering a different business model. The consultation received negative response from the development industry. However, through the whole plan viability study the Council is keen to understand what an appropriate value would be, as the benefits of certainty are considered important. This would reduce the protractive nature of some of the viability discussion that goes hand in hand with residential schemes. It is considered vitally important that stakeholders are fully involved including infrastructure providers and housing associations when whole plan viability study is prepared. A statement of common ground or similar mechanism being signed up to by different stakeholders when a whole plan viability study is undertaken including principle inputs such as costs, land values etc. may be a means of reducing conflict at application stage.

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?

Proposed Council Response:

The proposed approach of making viability appraisals more transparent is considered beneficial and would ensure that decisions on planning applications are considered more openly with the public being able to interpret reasons where it may not be possible to achieve the full scale of planning obligations. However, it is important that such an approach does not lead to a significantly increased burden on decision makers through increased time corresponding with people wishing to make representations as this would result in application timescales increasing further to the detriment of

the development industry. There may also be situations where there is a legitimate reason why developers need to maintain the confidentiality of appraisal inputs or outputs, in such situations this should be respected.

Question 17

- a) **Do you agree that local planning authorities 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?**

Proposed Council Response:

Matters of infrastructure are a key issue to local communities, the impact on existing infrastructure and the delivery of new infrastructure as a result of new development are highlighted as very important through responses to the local plan.

As a result a standardised approach to monitoring and reporting on planning obligations is welcomed in principle providing the proposed approach is reasonable, proportionate and realistic.

- b) **What factors should we take into account in preparing guidance on a standard approach to monitoring and reporting planning obligations?**

Proposed Council Response:

The Government should provide clear and unambiguous guidance on what type of information should be published at part of reporting / monitoring information on planning obligations.

- c) **How can local planning authorities 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?**

Proposed Council Response:

Local Planning Authorities already do significant levels to publicise the levels of infrastructure and affordable housing through the plan process through maintaining an up to date Infrastructure Delivery Plan and Housing Monitoring Reports / Supply Statements. This information is publically available. It is therefore not clear how such information could be better publicised.

Question 18

- a) **Do you agree that a further 20 per cent fee increase should be applied to those local planning authorities who are delivering the homes their communities need? What should be the criteria to measure this?**

Proposed Council Response

This is difficult to answer without further detail on how this performance criteria would be effectively measured. It would appear that the most straightforward method of measuring performance of housing delivery is if the payment acts as a simple 'bonus' for demonstrating – at a single point each year (30 September is suggested so that it aligned with the current planning applications performance regime) – that each Council has a 5-year supply of deliverable housing sites. However, does the Council measure its 5-year supply itself, and then inform DCLG? Or is the assessment made independently?

- b) Do you think there are more appropriate circumstances when a local planning authority should be able to charge the further 20 per cent? If so, do you have views on how these circumstances could work in practice?**

Proposed Council Response

The 20% additional increase could be more appropriately levied if it measured planning approval rates of housing-related applications (rather than assessment against 5 year supply). There could instead be a sliding scale linked to the level of fee increase. E.g. – 80% of all housing applications received that are subsequently approved by the LPA = 5% additional fee increase for the following 12 months. 85% = 10% additional fee increase, etc. A housing-related application could be defined as applications for 5 or more residential units.

- c) Should any additional fee increase be applied nationally once all local planning authorities meet the required criteria, or only to individual authorities who meet them?**

Proposed Council Response

Only to individual authorities. And the sliding scale method described in (b) above is preferred.

- d) Are there any other issues we should consider in developing a framework for this additional fee increase?**

Proposed Council Response

To avoid confusion amongst developers and applicants, local authorities would need certainty about their fee levels well in advance of implementation.

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?