

FAREHAM

BOROUGH COUNCIL

Report to the Executive for Decision 06 November 2017

Portfolio:	Planning & Development
Subject:	Planning for the right homes in the right places: Response to Government Consultation
Report of:	Director of Planning and Regulation
Strategy/Policy:	Local Plan
Corporate Objective:	<ul style="list-style-type: none">To protect and enhance the environmentTo maintain and extend prosperityTo ensure that Fareham remains a safe and healthy place to live and workTo provide a reasonable range of leisure opportunities for health and funTo work with our key partners to enable and support a balanced housing marketTo build strong and inclusive communitiesTo be a dynamic, prudent and progressive Council

Purpose:

To seek endorsement and approval of Fareham Borough Council's response, which is detailed in this report, to be submitted to the Government's consultation on 'Planning for the right homes in the right places: consultation proposals'.

Executive summary:

On 14 September 2017, the Government published a document entitled 'Planning for the right homes in the right places: consultation proposals' (Appendix A) for an eight-week consultation period. This report briefly outlines the key proposals in the consultation document. It explains that the Council is concerned about both the nature and negative impact of the proposed standardised method for calculating local housing need. It effectively undermines the collaborative work already undertaken by the Council and with PUSH, the Partnership for Urban South Hampshire. The proposed approaches for viability assessment and increases in planning application fees are broadly supported.

Recommendation:

It is recommended that the Executive agrees that Fareham Borough Council's Consultation Response as outlined in this report is submitted to the Government for their consideration.

Reason:

If the Government take forward the consultation proposals for calculating local housing need this will have a significant negative impact on work already undertaken by the Council and PUSH.

Cost of proposals:

Existing resource budgets covers the Officer time necessary to respond to this Government consultation.

Appendices:

- A:** 'Planning for the right homes in the right places: consultation proposals' issued on 14 November 2017 by DCLG (Department for Communities and Local Government).
- B:** Fareham Borough Council's technical clarification regarding the 'Application of proposed formula for assessing housing need, with contextual data' contained in the Government's consultation documentation.

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Executive Briefing Paper

Date:	06 November 2017
Subject:	Planning for the right homes in the right places: Response to Government Consultation
Briefing by:	Director of Planning and Regulation
Portfolio:	Planning and Development

INTRODUCTION

1. On 14 September 2017, the Government published a document entitled 'Planning for the right homes in the right places: consultation proposals' (Appendix A) for an eight-week consultation period. The consultation ends on the 9th November 2017. The consultation document poses a series of questions for consultees to respond to, and a consultation response proforma for answering these questions.

THE GOVERNMENT'S CONSULTATION PROPOSALS

2. In the introduction to 'Planning for the right homes in the right places: consultation proposals', the Government set out the following key proposals for consultation:
 - 'a) our proposed approach to a standard method for calculating local housing need, including transitional arrangements (paragraphs 1.13, 1.14, A.21 and A.23 of the White Paper);*
 - b) improving how authorities work together in planning to meet housing and other requirements across boundaries, through the preparation of a statement of common ground (paragraphs 1.9 and A.13);*
 - c) how the new approach to calculating housing need can help authorities plan for the needs of particular groups and support neighbourhood planning (paragraphs A.24 and A.65);*
 - d) proposals for improving the use of section 106 agreements, by making the use of viability assessments simpler, quicker and more transparent (paragraph 2.30); and*
 - e) seeking further views on how we can build out homes more quickly (paragraph 4).*
3. The consultation also seeks views on the proposal within the Housing White Paper that *local planning authorities delivering the homes their communities need, might be eligible for a further 20 per cent increase in fees for planning applications, over and above the 20 per cent increase already confirmed.*

4. The following report focuses on the Council's response to relevant associated consultation questions.

PROPOSED APPROACH TO A STANDARD METHOD FOR CALCULATING THE LOCAL HOUSING NEED

5. The Government's consultation document cites the lack of a simple, standard approach for assessing local housing need as leading to both a costly and time-consuming process, which lacks transparency (paragraph 12). It sets out in paragraph 15-25, the proposed approach to the standardised method.
6. Put simply, there are three key steps to the Government's standardised methodology proposal (the methodology is explained in more detail in Section 1 of Appendix B):

Step 1: Setting the baseline

7. The first step is the demographic baseline, which is proposed to be the annual average household growth over a 10-year period for each local authority area as indicated by the Government's household projections. Please note, as explained in Appendix B, the average household growth over a 10-year period are taken from the ONS 2014 household projections, which were published in July 2016.

Step 2: An adjustment to take account of market signals

8. The second step is to adjust this figure to take into account 'market signals', with the aim to address affordability issues within the local authority area. It proposes that this adjustment should be based on median affordability ratios, which compare the median house prices to median earnings from the most recent year of ONS data available. Then in order to get close to the net new homes needed (in region of 225,00 to 275,000 per year), the Government propose that for each 1% increase in the ratio of house prices to earnings above four, results in a quarter of a per cent increase in need above the projected housing growth.

Step 3: Capping the level of any increase

9. Finally, there is a proposed capping the level of any increase depending on the status of the local plan in each authority. For those authorities who have adopted a local plan in the last five years, the housing need figure should be capped at 40% above the annual requirement figure currently set out in their local plan. For those authorities with a local plan which was adopted more than five years ago, the housing need figure is capped at 40% above whichever is the higher of the household projection or annual housing requirement in the local plan.

Joint working

10. Finally, it is worth highlighting that paragraph 30-32 of the consultation document covers the issue of joint working. It explains that many local authorities are working together when identifying their housing need, and the Government encourages more authorities to do so.
11. It then poses '**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? b) how can information on local housing need be made more transparent?'

12. In answer to Question 1a, Fareham Borough Council disagrees with the proposed standard approach to assessing local housing need for the following reasons. Fareham Borough Council has over many years worked jointly with other local authorities in south Hampshire area and key partners through the Partnership for Urban South Hampshire (PUSH). For clarity, PUSH is a partnership of Hampshire County Council; the unitary authorities of Portsmouth, Southampton, Isle of Wight; and district authorities of Eastleigh, East Hampshire, Fareham, Gosport, Havant, New Forest, Test Valley and Winchester. The PUSH Local Authorities also work collaboratively with the Solent Local Enterprise Partnership, Environment Agency and other relevant bodies.
13. Whilst the PUSH Joint Committee has no statutory powers or functions, it plays a vital role in co-ordinating the preparation of sub-regional evidence and statements across the South Hampshire local authorities. The PUSH Local Authorities recognise the benefits of working together to support the sustainable economic growth of the sub-region and to facilitate the strategic planning functions necessary to support that growth, which is in line with current Government advice.
14. PUSH has been instrumental in agreeing a joined-up approach to addressing housing need over three housing market areas (Southampton, Portsmouth and Isle of Wight). This is evident in the fact that the PUSH Local Authorities published a Spatial Position Statement in June 2016, which sets out the overall need for, and a distribution of development in South Hampshire to 2034. This Statement draws on evidence from the South Hampshire Objectively Assessed Housing Need (OAHN) Update Report published in April 2016, which updates and complements the Strategic Housing Market Assessment (SHMA) published in 2014. Furthermore, there are a number of evidence documents prepared through joint working by the PUSH Local Authorities that have helped inform the PUSH Spatial Position Statement.
15. It is considered that this more collaborative and 'bottom-up' approach to responding to local housing needs over three housing market areas by PUSH, and this Council contends this is preferable to the 'top-down' standardised approach to housing need currently proposed by the Government. Over a relatively short time period PUSH has established a joint position and evidence base from which individual authorities can progress their own Local Plans.
16. Paragraph 9 of this consultation document explains that after establishing the number of homes that are needed in the area '*Local planning authorities then need to determine whether there are any environmental designations or other physical or policy constraints which prevent them from meeting this housing need. These include, but are not limited to, Ancient Woodland, the Green Belt, Areas of Outstanding Natural Beauty and Sites of Special Scientific Interest. They also need to engage with other authorities – through the duty to co-operate – to determine how any need that cannot be accommodated will be redistributed over a wider area. This means that the level of housing set out in a plan may be lower or higher than the local housing need.*' Surely, this is what Fareham Borough Council and PUSH have worked towards and established through the PUSH Spatial Position Statement. This has resulted in for example, agreement between PUSH Authorities that the protection of important strategic gaps such as the Meon Valley (which sits between the housing market areas of Southampton and Portsmouth) is supported. The Government often cites Ancient Woodland, the Green Belt, Areas of Outstanding Natural Beauty and Sites of Special Scientific Interest designations, to for grounds to prevent Local Planning Authorities from meeting this housing need. However, the proposals seem to give very little in way of protection to those authorities who have landscapes and countryside that do not fall under these designations but are clearly valued by local communities.

17. The continual changing of the goal posts by Government acts to undermine and slow-down those local authorities such as Fareham positively plan-making under the existing regimes, who are successfully working with their neighbouring authorities. In conclusion, therefore Fareham Borough Council believes the current approach should remain and the Government's current proposals should not progress.
18. Most importantly, this consultation indicates that Fareham's housing need would rise from 420 to 531, an uplift of 111 dwellings per annum, over the next ten years (2016-2026) if the Government take these proposals forward. As detailed in Appendix B, Fareham Borough Council has applied the proposed formula for assessing housing need, using the correct contextual data, and calculates the 'indicative assessment of housing need based on the proposed formula (for 2016 to 2026) as 458 dwellings per annum (not 531). The Council contends that 458 dwellings per annum is a more appropriate target, and one supported by extensive work already undertaken the Council and supported by PUSH.
19. In answer to Question 1b, there is no clarity over firstly whether this proposed approach will completely override the current guidance on calculating objectively assessed housing years. Nor does it provide clarity about how this proposed approach is compatible with current guidance that plans should span a 15-year plan period. The current Government proposals are not locally accountable nor is there sufficient clarity about how they would apply if progressed.

PROPOSED APPROACH TO VIABILITY IN DECISION TAKING

20. Paragraph 109 of the Government's consultation document states that in order '*To ensure there is a robust basis for assessing viability at the plan-making stage – and to lessen the need for this to be revisited when planning applications come forward – we propose to amend national planning policy to set out additional expectations for plans.*' Then the Government poses two questions:
 - 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?
 - Question 13: in reviewing guidance on testing plans and policies for viability, what amendments could be made to improve current practice?
21. In answer to both Questions 12 and 13, the Council believe it is fundamentally wrong to place the burden on local planning authorities to review the viability of all sites being promoted for inclusion in an emerging Local Plan. Local Planning Authorities are not party to all the information which the promoter of the site has, such as abnormal costs. Placing the responsibility on the site promoters will help ensure that any such relevant information can be independently scrutinised by an Inspector at a Plan examination. This will in turn, ensure that sites fully address policy requirements in the Plan which is being examined, if affordable housing levels are considered unreasonable by a local authority or a developer is unable to deliver infrastructure to support a development, an inspector can resolve these issues at examination. It is for these reasons that the Council do not agree that the local planning authorities should be tasked with proving individual site viability, but that this should fall to site promoters instead.
22. The Consultation recognises that development plan policies should already be tested for viability, and therefore developers and landowners should ensure that they are considering the cost of any policy requirements when proposing schemes. However, in

practice an increase in planning obligations being contested on viability grounds is affecting the ability of authorities to ensure that policy requirements, such as the delivery of affordable housing, are being met in full.

23. Question 14 of the Consultation asks whether this Council agrees 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? This Authority would agree with this approach as it would provide more certainty for all parties as to the obligations development is expected to meet. The testing of viability on many residential proposals has become the norm rather than the exception, increasing the uncertainty as to what benefits development can provide for the wider community. Lengthy discussions on scheme viability results in delays in deciding proposals and increases costs for all parties in preparing and deciding planning applications. It is accepted that some individual sites may have extraordinary development costs which could be taken into account in determining planning applications and the obligations expected of the development.
24. Directly linked to this same subject, the Consultation recognises that where a viability assessment is still needed the process must be more open, transparent and easily understood. Full and open publication of all viability assessments would greatly increase transparency. The Government is therefore proposing to update planning guidance to make viability assessments simpler, quicker and more transparent. For example, guidance could range from setting out clearly defined terms to be used, a preferred approach to calculating costs and values (including land values) the format and accessibility of viability assessment reports, through to detailed process and methodology.
25. The Consultation poses at 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?
26. In the experience of this Authority the quality of viability reports is highly variable and more often than not they are relatively inaccessible to readers other than experts in the field. Furthermore, many developers still only wish to provide viability reports on a confidential basis (i.e. not for publication). This Council would welcome guidance which ensures a consistency of approach in how viability reports are produced and presented. A 'non-technical' summary of how assumptions have been made and conclusions reached should be a requirement of all such assessments. The guidance should also make it clear that viability assessments should always be provided on an open book basis, available for any interested parties to read and comment upon.

PLANNING FEES

27. The Consultation acknowledges that it is vital to have well-resourced, effective and efficient local authority planning departments. A lack of capacity and capability in planning departments can act as a constraint and restrict developers' ability to get on site and build. An increase in planning application fees is an important step to recognise and address the significant, nation-wide problem of under-resourced local planning authorities.
28. The Housing White Paper suggested that an increase of a further 20 per cent on the current fee level could be applied to those authorities who are delivering the homes their communities need. The Consultation invites views on the most appropriate criteria to enable this fee increase to be applied. Question 18 of the Consultation paper asks:

- 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?
 - 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?
 - 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?
 - d) are there any other issues we should consider in developing a framework for this additional fee increase?
29. This Council has previously undertaken detailed monitoring of the cost to this authority of processing planning applications. In common with other Councils it found that current fee levels fall some way short of covering the actual cost of processing planning applications. The Council therefore supports the suggested increase of 20% (at Question 18(a)). Such an increase should be introduced now as these costs are already being incurred by Fareham Borough Council in dealing with an outline planning application at Welborne for up to 6,000 houses along with other major residential planning applications within the Borough (Question 18b)).
30. This Council does not support the proposal that any additional fee increase should be applied nationally once all local planning authorities meet the required criteria (Question 18c). This could lead to large uncertainty as to when additional funding generated through fees might be forthcoming to assist with the delivery of new housing.

Enquiries:

For further information on this report please contact Richard Jolley (Ext 4388)