

Report of Director of City Development

Report to Development Plans Panel

Date: 22nd November 2016

Subject: Core Strategy Selective Review

Are specific electoral Wards affected? All If relevant, name(s) of Ward(s):	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Are there implications for equality and diversity and cohesion and integration?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Is the decision eligible for Call-In?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Does the report contain confidential or exempt information? If relevant, Access to Information Procedure Rule number: Appendix number:	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

Summary of main issues

1. The Leeds Core Strategy (CS) was Adopted in November 2014 and forms the key strategic and spatial planning framework for Leeds. Central to this approach is the integration of a range of economic, environmental and social policy objectives. The Adoption of the Plan was a major achievement for a District the size and complexity of Leeds and a number of local authorities have yet to adopt their own Core Strategies.
2. Consistent with a plan-led planning system, is the need to monitor the effectiveness of the Plan and the evidence base upon which it has been derived. Within this context there are a number of specific matters which have arisen post Adoption, which fall within the scope of a proposed selective review of the CS.
3. Within this overall context, the Plan has a key role to play in the delivery of homes to meet the various needs across the District. This includes the identification of objectively assessed needs (OAN) for housing and its distribution across the District via Housing Market Characteristic Areas (HMCAs). The Council has always recognised that levels of housing growth contained within the CS are at the upper levels of likely scenarios and relied on a particular set of optimistic growth conditions. It should be emphasised that at the CS examination representatives of the housebuilding industry were pressing for much higher levels of housing growth (up to 90,000 over the plan period), whilst local residents groups were advocating much lower levels, in the order of 50,000.

4. The Core Strategy Inspector noted that the CS requirement was based primarily on the 2008-based population projections and did not reflect the lower 2012-based population projections, which were published at a very late stage of the Core Strategy Examination process. He accepted, as a proposed Modification, that as part of the implementation of the Core Strategy, the City Council monitor the evidence base and delivery of the CS requirement and through allocations plans, manage the release of sites through phasing. Government guidance states that national projections are the starting point for evidence on housing needs and have been updated three times since the Core Strategy was prepared, each time showing lower levels of projected growth.
5. Following consideration at Council and elsewhere and in the light of this trend, Development Plan Panel agreed (May 2015) to “support a selective review of the CS within 3 years of its Adoption and following subsequent household projections, which will better reflect demographic trends of a recovering economy”. The latest projections are the 2014 -based household projections and form the starting point for further assessment via a Strategic Housing Market Assessment (SHMA).
6. Within this strategic context, there are a number of other policy areas, which also warrant consideration as part of this selective review. These include a number of areas including housing standards, aspects of housing policy, employment and green space, where for efficiency of process, as the result of changes to the evidence base or as a consequence of specific issues arising from the application of policies, adjustments may be justified.

Recommendations

7. Development Plan Panel is recommended to consider the contents of this paper and agree the targeted scope, commencement and timetable (as set out in the report) for a Core Strategy Selective Review.

1 Purpose of this report

1.1 The purpose of this report is to seek the consideration and support of Development Plan Panel for the Council to consider the scope, commencement and timetable for a selective review of the CS. It should be emphasised that the areas which are considered to fall within the scope of the proposed review relate to a targeted number of areas in the Plan. These are areas where significant changes to the evidence base or specific issues arising from the application of policies have prompted further consideration, leading to the potential for revisions in a number of select areas. It is not considered necessary, justified or appropriate for a wholesale review of the Plan to be undertaken. Consequently, it is proposed that the Review would focus on the following limited areas:

- i. Updating the housing requirement in Policy SP6, considering and making any necessary consequent revisions to other parts of the Plan. This will require consideration of the length of the plan period and any implications for the spatial strategy of the Plan,
- ii. Incorporating the Housing Standards policy work (previously endorsed by DPP at the meeting on 05/04/16) to be incorporated into the Core Strategy (rather than in a separate development plan document).
- iii. Updating the wording for Policies EN1 and EN2, arising from the Government's withdrawal of the Code for Sustainable Homes in March 2015, which is currently set out in a separate document on Leeds City Council's website.
- iv. Subject to the conclusions arising from the SHMA and anticipated revised Government policy on Starter Homes (should this be clarified in the timetable set out below), to update affordable housing policy.
- v. Responding to policy implementation issues, which have arisen through Plan delivery. For example, ensuring consistency between Regeneration Area maps 5 and 5b and reviewing the effective application of employment policy EC3.

1.2 This selective approach is consistent with the NPPF, which states in ¶153 that *"each local planning authority should produce a Local Plan for its area. This can be reviewed in whole or in part to respond flexibly to changing circumstances"*.

2 Background information

Housing requirement

2.1 The Leeds Core Strategy (CS) housing requirement of 70,000 (net) new homes between 2012 and 2028 was based on the SHMA, which was completed within the context of national planning guidance. It should be noted that this guidance emphasises that population projections are the starting point for determining the housing requirement of a Plan.¹ The National Planning Policy Framework is clear

¹ Planning Practice Guidance, Ref: 2a-015-2014 03 06

that Local Plans should be kept up-to-date. According to the Planning Practice Guidance a ‘meaningful change’² in the housing situation should be considered in this context and whilst this does not automatically mean that housing assessments are rendered outdated every time new projections are issued, consideration should be given to a formal review of the CS to ensure the plan is up to date.

- 2.2 It is clear that a meaningful change in projections warrants consideration of a revised housing requirement for the CS. The CS used the 2008-based government projections of household and population growth alongside a re-balancing of the Leeds mid-year estimate population, which had significantly varied from other indicators – for example GP Registrations, by circa 50,000 people at the end of 2010.
- 2.3 During and following the Examination in Public, the CS Inspector was made aware that subsequent base projections (2010-based and 2012-based) were lower for Leeds, but was of the view that housing growth needed to match economic aspirations, there was concealed need to be addressed and recessionary impacts on projections would be short lived.
- 2.4 Following release of the 2012-based projections, the third set of projections to subsequently show slower growth, Development Plan Panel (May 2015) agreed to, “support a selective review of the CS within 3 years of its Adoption and following subsequent household projections, which will better reflect demographic trends of a recovering economy”.
- 2.5 At the July 2015 meeting of Scrutiny Board (City Development), Members agreed to undertake a joint Inquiry with Scrutiny Board (Environment and Housing) into ‘Housing Mix’ which covered the issue of housing numbers. The final report (March 2016) concluded:
- ¶13 Members of the working group also came to the conclusion that it was now important to draw a line under the numbers debate but noted the commitment to a selective review of housing numbers within three years of its adoption....*
- ¶14 The 2012-based projections remain incomplete and have not fully captured information from the Census on household size. The 2014-based projections will be available in 2016. It is the view of the working group that it is essential to have the right population and household figures before any such review takes place.*
- 2.6 The 2014-based projections were published in June 2016 and officers commissioned initial analysis contained as **Appendix 1** to this report discussed below.
- 2.7 Since 2012 housebuilding in Leeds has not met CS targets of 3,660 per annum and the Council has recently been found (the Secretary of State in his decision on land at Grove Road, Boston Spa, May 2016) to not have a five year housing land supply. It is important to note that these delivery issues, including with land supply, viability, models of different house builders and wider economic factors, are not main factors in determining a revised housing requirement. Government guidance clarifies that an OAN is a needs based assessment, which should not be affected

² Planning Practice Guidance, Ref: 2a-016-2015 02 27

by an ability to deliver. This is in contrast to former guidance under Planning Policy Statement 3: Housing which took into account past delivery rates.

Housing Standards

- 2.8 Development Plan Panel and Executive Board considered reports in April 2016 recommending that the Council commence preparation of a Development Plan Document (DPD) to introduce the national housing standards in Leeds. Executive Board agreed that the DPD should seek to introduce the, “nationally described space standards” setting minimum sizes for new dwellings, and access standards setting minimum percentages of accessible dwellings on new developments.
- 2.9 A tight timetable of preparation was agreed with early consultation and evidence gathering during spring 2016, drafting the Plan for Publication during summer 2016, formal consultation (6 weeks) and assessment of comments during autumn 2016, submission in winter 2016/17, examination in spring 2017 and adoption in summer 2017. Good initial progress has been made preparing the Housing Standards Plan (and a summary is set out in **Appendix 2** for information). However, given the fact that the CS is being reviewed, it is considered appropriate to subsume this work into the review, where it would complement the current suite of policies, rather than promoting a separate and ‘freestanding’ DPD that could be seen as an unnecessary fragmentation of the Council’s Local Plan policies. The implication of this would be that the timetable for the housing standards would be delayed as the Core Strategy review will inevitably take up to 12 months longer.

Green space Policy

- 2.10 As a consequence of exploring viability of housing standards the effect of Green space policy requirements need to be factored in. For residential development, green space policy in the Core Strategy seeks provision of 80sqm of green space per new dwelling. Viability testing of the Core Strategy did not fully reflect this. Instead, it factored in historical achievement of green space, which often involved off-site S106 contributions. The use of S106 contributions is now limited by the operation of the Community Infrastructure Levy (CIL) which is intended to be the primary source of infrastructure funding in the planning regime.
- 2.11 Clearly within this context a balance needs to be struck in delivering a sufficient quantum of green space, whilst achieving other key policy objectives including housing delivery. Consequently, as green space policy has ramifications for both housing site capacities and for residential development viability, it makes sense for the green space policy G4 to form part of the CS selective review.

Affordable housing

- 2.12 Final guidance and new arrangements are awaited from the Government, but it is still possible that Starter Homes will be made a priority in new housing developments. It is anticipated that the Autumn Statement 2016 provides some clarity on this. There will therefore be a need to reflect the implications of this and relationship of this approach to the affordable housing policy in the CS. Similar to green space, any new affordable housing policy requirements will need to be factored into the viability assessments.

3 Main issues

3.1 Planning Considerations

Reviewing the Housing Requirement

- 3.1.1 The CS currently has a requirement of at least 3,360 dwellings per annum until the end of 2016/17 and then the remainder of 70,000 dwellings spread over the remaining years of the plan period to the end of 2027/28. Against the overall target, this is 4,700 dwellings per annum. Within the context of a new SHMA, the overall housing requirement and delivery issues will be subject to review. As part of this, consideration will need to be given to the plan period (this is currently 2012-2028 in the Adopted Plan). It should be noted that there is currently a backlog of 4,100 homes against 2012. A revised plan period of 2017-2033 would enable the current monitoring year to run its course against a requirement of 3,660 per annum.
- 3.1.2 The new sub-national household projections released by Communities and Local Government (CLG) in June show a demographic “starting point” for Leeds of 2,600 homes per annum between 2017 and 2033. The significant difference between this figure and the current Core Strategy requirement provides an evidential basis for a review of the housing requirement as part of a CS review. However, as Government Guidance makes clear the 2,600 figure is only the starting point. To explore and clarify this point further, the Council commissioned some initial analysis (by Edge Analytics) of the latest projections. Their assessment is contained at **Appendix 1**. They conclude, on the specific evidence considered, that housing requirements could be within a range of 3,100 to 4,000 homes per annum.
- 3.1.3 It should be emphasised that the Edge Report is a partial and preliminary assessment, to clarify the direction of travel of the latest household projections, when aligned with the latest economic projections. More technical work needs to be undertaken therefore to align with national guidance e.g. on affordable housing, cross-boundary effects, addressing backlog and an assessment of whether supply has constrained growth. This can be addressed via a new SHMA and a brief which will now be prepared.
- 3.1.4 A SHMA will factor in a number of issues including:
- the effects of economic growth (incorporating the Regional Econometric Model forecasts) including analysis of workforce and age of retirement etc.,
 - local demographic trends
 - migration/commuting flows with other areas
 - implications of Brexit on migration
 - backlog of housing
 - current unmet need for affordable housing
 - the number of newly arising households likely to be in affordable housing
 - the relationship between the current housing stock and current and future needs
 - concealed needs
 - student housing needs
 - the specific needs of older people for different types of housing.

- 3.1.5 In helping to provide certainty for investors, communities and infrastructure providers, in May 2015 Development Plan Panel recognised the importance of maintaining progress on the Site Allocations Plan (SAP) and endorsed the maintenance of the CS housing requirement as a basis for the Leeds SAP and Aire Valley Leeds Area Action Plan. This will be necessary for the Plans to progress through Examination in advance of the Core Strategy Review (consistent with the Government's ambition to have full development plan coverage by 2017), help provide the flexibility required by Government guidance for plans to be sound and to ensure that through the development plan process, housing land supply is maintained.
- 3.1.6 Against this context it is important to emphasise that any change to the CS housing requirement does not automatically amend the progression of the SAP and its allocation of sites to deliver 66,000 homes. If the CS Review reveals a need for more homes this can be addressed via the assessments on sites already undertaken as part of the SAP process.
- 3.1.7 If the CS Selective Review establishes a lower housing requirement there will be a need to assess the contribution of the proposed 66,000 allocated units to a revised plan period. Consistent with the CS, the SAP is currently planning for the period 2012 to 2028. The CS Review may highlight that the SAP has identified sufficient homes to meet needs until 2033 (five years more than currently). This would be consistent with National Planning Policy expectation for plans to plan for housing delivery to a horizon of at least 15 years where possible (NPPF Para 47). In other words, in the event of lower overall housing requirements, the Council's SAP will have a longer period to deliver the same level of housing; thus lowering annual targets but allowing for delivery issues to be addressed and monitored.

Implications for other Policy areas

- 3.1.8 When prepared the current Adopted Core Strategy had sufficient flexibility within its spatial strategy and policies to provide a framework for a range of housing requirement numbers i.e. a change to the requirement now will not render the spatial strategy out of date.
- 3.1.9 That said, if the plan period is extended to 2033 there will be a need to consider the consequences for all related policy areas of the CS. Most policies are criteria based and will apply equally regardless of the plan period. Some offer spatial priorities, such as SP1 "Location of Development", SP7 "Distribution of Housing Land and Allocations" and EC1 "General Employment Land". It is thought likely that these spatial preferences will remain unaltered if the plan period is extended. Policy SP11 provides a list of transport investment priorities which are unlikely to change for an extended plan period but could potentially be rolled forward to capture new and emerging commitments.
- 3.1.10 However, there are some policies which plan for quantities of development within the plan period. Policy SP6 deals with the housing requirement, SP9 and EC2 set out quantities of general employment and office space, H7 sets the quantity of accommodation required for Gypsy and Travellers and Travelling Showpeople and EN6 sets out quantities of waste to be planned for. The CS also sets out future retail quantum, but these are predicated on need being justified through further

retail studies and reviews pending completion of key city centre schemes. These matters would have to be considered in consultation on the scope of the Review (Regulation 18) but in practice any amendments to such policies is largely about rolling existing approaches forward rather than a fundamental shift in their scope.

Implications for the Site Allocations Plans

- 3.1.11 The Aire Valley Leeds Area Action Plan has already been submitted for independent Examination in September 2016. The quantities of development and related policies will not be affected by revising the housing requirement and extending the plan period of the CS; impacts concerning estimates of delivery at the end of the current plan period may be addressed through minor modifications to the AAP.
- 3.1.12 The Site Allocations Plan is scheduled for submission in Spring 2017, following consultation on changes to the Outer North East part of the Plan. If the CS selective review concludes that a lower annual housing requirement is appropriate, as noted above this would not necessarily mean that the Site Allocations Plan will be 'over-supplying' housing land, but rather will be planning for delivery over a longer period. When account is taken of the need to extend the plan period, only minor adjustments to the timing of delivery may be necessary, including safeguarded land. At this stage, it is not known if new evidence based studies would conclude that additional needs will have to be planned for, e.g. general employment land and Gypsy and Traveller Accommodation needs.

Housing Standards

- 3.1.13 Executive Board in April 2016 agreed that approval be given to the preparation of a Development Plan Document for space and access standards along with a timetable for preparation. An update to Development Plans Panel was also presented in April 2016. The standards have to be shown to be based upon need and tested for their effects on viability of housing development and impact on housing supply. Assuming this can be satisfied, the standards will ensure that new housing developments comprise dwellings of minimum internal space standards and a minimum proportion of dwellings designed to accessibility standards. As noted above, it is now proposed to incorporate this work into the CS Review.
- 3.1.14 The Government's guidance on Housing Standards also enabled local authorities with policy on energy efficiency of new buildings to "passport" national policy into their plans. It would make sense for the CS Review to incorporate the 'passported' policy wording, which is currently set out in a separate document on Leeds City Council's website.

Affordable Housing

- 3.1.15 As noted above, Affordable Housing policy will be reviewed to incorporate any new national policy on Starter Homes and to incorporate any changes generated by an up-to-date assessment of need, subject to viability testing.

Green space

- 3.1.16 In relation to Policy G4, Green space will be reviewed to set requirements that will be viable for most developments, and clarify where off-site contributions may be sought in the context of the Community Infrastructure Levy

Other Areas

- 3.1.17 The selective review offers opportunity to make minor changes to address operational issues which have arisen following the adoption of the CS. In order to expedite the CS review process, it is important that only key areas are targeted, where deliver issues have emerged. One correction would be the revision of Map 5b to accord with Regeneration Areas Map 5. Another would be to clarify the application of Policy EC3 which currently only offers specific protection to allocated / identified sites if they are in non-shortfall areas, but not those in shortfall areas. Finally, for consistency, it would be an opportunity to apply amenity protection criteria to Town Centres. Such criteria currently exists in policy for Local Centres (Policy P3), local parades (Policy P4) and the City Centre (Policy CC1) but is absent from Town Centre policy (Policy P2).

3.2 Next Steps

- 3.2.1 The first stage of preparation of the CS review involves assembling evidence to support the proposed changes and consulting interested parties about the scope of the review. The Council also needs to prepare a Sustainability Appraisal Scoping Report and Equality Impact Assessment.

Evidence Gathering

- 3.2.2 Because work had already started on the Housing Standards Plan, evidence has already been assembled concerning need, viability and impact on land supply. This is outlined in **Appendix 2**.
- 3.2.3 A new Strategic Housing Market Assessment (SHMA) will be required to assess housing needs drawing upon household and population projections from CLG and the Office of National Statistics and taking account of economic growth projections, migration and demographic change. It will also need to review the geographical extent of the Leeds housing market area, taking account of Leeds City Region research and duty to cooperate discussions with neighbouring local authorities.
- 3.2.4 The SHMA will also need to refresh the need for affordable housing following the nationally prescribed methodology in National Planning Policy Guidance. The SHMA will be jointly commissioned with Leeds Housing Service and will provide opportunity to examine what types and mixes of new housing is needed in the different localities of Leeds.

Initial Consultation

- 3.2.5 Under Regulation 18 of the Town & Country Planning Regulations (2012), it is necessary to consult with individuals and organisations that may have an interest in the Plan to comment on the content and scope. It is proposed that individuals and organisations that commented on the CS are notified of the Council's intention to

undertake a selective review of the CS and given 6 weeks to comment on a scoping paper, based on the proposals set out in this report.

- 3.2.6 The review should also be the subject of Strategic Environmental Assessment and it will be necessary to prepare a Sustainability Appraisal baseline report for comment by the Environment Agency, Historic England and Natural England. An Equality Impact Assessment will also be necessary and work to meet the Duty to Cooperate will have to commence. This work has already been carried out for the Housing Standards element of the Plan review, but will be necessary for the other elements of the review.

Proposed Programme

- 3.2.7 Revising a plan requires the same procedural stages of preparation as preparing an entirely new plan, including public examination. The following programme sets out the key milestones which will need to be kept under review:

- i. Evidence gathering, scoping and early consultation: Spring 2017
- ii. Drafting the Plan for Publication: Summer 2017
- iii. Formal consultation (6 weeks) Autumn 2017
- iv. Consideration of responses: Winter 2017/18
- v. Submission with any necessary modifications: Spring 2018
- vi. Examination: Summer 2018
- vii. Adoption Winter 2018/19

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.8 A DPD has statutory requirements for public consultation at key stages which will involve key consultees. Technical work underpinning the CS Review will be carried out with the full engagement and involvement of other Directorates e.g. it is intended that the SHMA be prepared as a joint City Development / Environment and Housing commission and that the Joint Strategic Needs Assessment be fully reflected in any change to housing policy.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 The review of the Core Strategy will require Equality Impact Assessments at appropriate stages.

4.3 Council policies and Best Council Plan

4.3.1 The Core Strategy is one of Leeds City Council's main policy documents setting out vision, objectives, policy and targets for the future growth of Leeds particularly in terms of spatial planning. The Core Strategy helps articulate the spatial dimension of other council strategies and plans including 'Vision for Leeds' and the Best Council Plan, so it is important that the Core Strategy is kept up-to-date.

4.4 Resources and value for money

4.4.2 The Core Strategy Review will require both staffing and technical resources to support the plan making process and evidence base work. However it is desirable that the Core Strategy should be up-to-date in terms of Leeds' need for housing growth and effective in terms of delivering quality of housing and new development within Leeds.

4.5 Legal Implications, Access to Information and Call In

4.5.1 The Core Strategy Review will follow the statutory Development Plan process. The report is not eligible for call-in as no decision is being taken.

4.6 Risk Management

4.6.1 One risk is the dependency on DCLG policy changes to national Starter Homes policy. If DCLG continues to delay publication of policy guidance this will create uncertainty in knowing how to redraft Leeds' affordable housing policy.

4.6.2 If the Core Strategy Review takes longer to prepare than expected it is likely that the Council will be vulnerable to challenges concerning the relevant policy areas. Homes will continue to be permitted below the size and access standards expected to meet Leeds' aspirations for quality. The risks to delay in the production of the Core Strategy Review lie with staff resource limitations and the involvement of other parties. There is a danger of protracted negotiations with the development industry and other interests about what is reasonable in terms of viability.

5 Conclusions

5.1 As highlighted in this report, the Adoption of the Core Strategy was a major achievement for Leeds, in providing an overall spatial planning framework for the District. An integral aspect of a plan-led system is the need to monitor the effectiveness of the Plan and the evidence based from which it has been derived. Within this operating context, a selective Core Strategy Review is considered necessary in relation to a number of specific areas. Central to this is the overall CS housing requirement but there are also other specific policy areas outlined in this report which should also be included in the scope of the review.

6 Recommendations

6.1 Development Plan Panel is recommended to consider the contents of this paper and agree the targeted scope, commencement and timetable (as set out in the report) for a Core Strategy Selective Review.

Appendix 1: Edge Analytics Initial Assessment of the SNHP 2014 for Leeds

Appendix 2: Housing Standards DPD – Summary of Progress to date

Evidence gathering

Nationally Described Space Standard

Regarding need, an exercise to measure dwellings permitted and provides an evidence base for the standards. This exercise has been completed. In total 684 dwellings were measured (representing a total of 2417 dwellings because standard house-types are duplicated) on 50 separate schemes. Of these 1035 (43%) were smaller than the NDSS. Of the dwellings below standard, 849 (85%) were 5% or more below the standard and 550 (53%) were 10% or more below the standard. This provides strong evidence that a policy to apply the NDSS is necessary.

Accessible housing

Need – evidence of need for accessible dwellings for both M4(2) and M4(3). An initial assessment has been undertaken and demonstrates a need.

Viability

Financial appraisal of housing development taking account of whole plan cumulative viability. An initial assessment has been undertaken and considers the viability of the Housing Standards. Any viability work will need to consider the cumulative whole plan viability of not only the Housing Standards but also the of other Core Strategy policies including all that have an impact on viability.

Impact on housing land supply – an assessment is underway of the effect of applying housing standards on density and site capacities to include urban design analysis and consideration of Green space requirements.

Consultation

Consultation meetings have been held with some key stakeholders, including the Home Builders Federation (HBF). In addition Reg. 18 consultation has been held on the principle of the Housing Standards. As a result of this consultation which is on the principle of the Housing Standards initially before a draft document is prepared. The consultation was undertaken over a 6 week period, involving over 600 consultees. In total 33 responses were received, and these related largely to a lack of detail at this stage but with requests to be involved in the process as detail evolves. The comments were wide ranging with a general support for the DPD subject to appropriate testing and details. Also comments related to viability, design and accessibility, relationship with the SAP and site capacities/densities in terms of the impact.