

Report of Director of City Development

**Report to Development Plan Panel**

**Date: 16<sup>th</sup> January 2018**

**Subject: Core Strategy Selective Review (Publication Draft)**

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Are specific electoral Wards affected? If relevant, name(s) of Ward(s):	<input type="checkbox"/> Yes	<input checked="" 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

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**Summary of main issues**

1. This report reflects upon comments made by Development Plan Panel of 19<sup>th</sup> December 2017 and seeks Members recommendation to Executive Board on the proposed Publication Draft of the Core Strategy Selective Review.

**Recommendations**

2. Development Plan Panel is invited to:
  - i) consider the Policies and supporting paragraphs of the CSSR as set out in **Appendix 1** which includes revisions requested at the Development Plan Panel meeting of 19<sup>th</sup> December 2017,
  - ii) recommend to Executive Board that it approves for public consultation the Publication Draft of new and revised Policies and supporting paragraphs of the CSSR as set out in **Appendix 1**, subject to any further changes agreed at the Panel meeting.
  - iii) recommend to Executive Board that it approves the supporting documents, including Sustainability Appraisal and other background evidence.

## **1 Purpose of this report**

- 1.1 The focus of this report is for Development Plan Panel to consider further revisions to the proposed policies of the Core Strategy Selective Review requested at the 19<sup>th</sup> December meeting of Development Plan Panel. Development Plan Panel is requested to recommend that Executive Board approve the formal Publication of these policies (as set out in Appendix 1 to this report with changes illustrating the difference to the text of Appendix 1 presented to Development Plan Panel of 19<sup>th</sup> December 2017) for six weeks of public consultation. This report should be read in conjunction with the report to Development Plan Panel of 19<sup>th</sup> December 2017.
- 1.2 For the background explanation supporting the proposed policies (and parts of policies and supporting text) in Appendix 1 to this report that are *not* subject to changes, see the report to Development Plan Panel of 19<sup>th</sup> December 2017 (Appendix 2).
- 1.3 The policies are supported by a Sustainability Appraisal Report alongside relevant supporting material including:
  - Statement of Regulation 18 Consultation
  - Consultation Strategy
  - Duty to Cooperate Table
- 1.4 The Plan is also supported by an evidence base which includes:
  - Economic Viability Study 2017 (Executive Summary)
  - Strategic Housing Market Assessment 2017
  - Monitoring information
  - Background Papers

## **2 Background**

- 2.1 The Leeds Core Strategy was adopted in 2014 and sets the strategic planning framework for the Leeds Metropolitan District and is the overarching document within the Leeds Local Plan (which also comprises an Adopted Natural Resources and Waste Plan and an Adopted Aire Valley Leeds Area Action Plan and Saved UDP policies). The highly advanced Site Allocations Plan will on Adoption also form part of the Local Plan.
- 2.2 As set out in paragraphs 2.2 – 2.5 of the report to Development Plan Panel of 19<sup>th</sup> December 2017 there have been a series of reports to Panel since November 2016 concerning the preparation of the Core Strategy Selective Review. Development Plan Panel of 19<sup>th</sup> December 2017 had been asked to consider the proposed policies and recommend Executive Board to approve them for public consultation. However, following considerations, Development Plan Panel agreed that further work and redrafting in a number of targeted areas was necessary. This forms the focus of this report.

## **3 Main issues**

- 3.1 Following the specific issues raised at the 19<sup>th</sup> December DPP meeting as requested

further work and subsequent amendments are proposed as set out below.

### *Affordable Housing*

3.2 At the 19<sup>th</sup> December DPP meeting, there was understandable debate around Policy H5 Affordable Housing and the key issues of concern can be summarised as follows:

- i) Targets. To explore the viability of increasing the 5% target of Zones 3 and 4 in the context of market upturn
- ii) Zone boundaries. To review the zone boundaries to reflect changes on the ground since Policy H5 was adopted in 2014
- iii) Commuted Sums. To look at how the acceptance of commuted sums can be addressed and the basis for calculating commuted sums modified to ensure equivalent affordable dwellings are deliverable.

### *Targets*

3.3 Panel raised concerns about the affordable housing targets particularly whether they should be increased for the 5% zones of 3 and 4. However, the Economic Viability Study (EVS) concludes there is no headroom for increasing the targets once the effects of other policies e.g. housing standards, annual indexation of CIL and changes in affordable housing benchmarks are taken into account. According to the EVS any increase in the affordable housing targets would require commensurate reductions in the requirements of other policies.

3.4 The EVS provides baseline evidence which has been prepared in accordance with industry and planning guidance and provides an independent assessment of whole plan viability. The report has been prepared in accordance with the RICS Guidance Note – ‘Financial Viability in Planning’ and ‘Viability Testing- Local Plans’ Harman Report. The most important function of the EVS is to bring together and consider the cumulative impact of the proposed changes to the Core Strategy policies in accordance with para 174 of the NPPF. However it should be recognised that this assessment will not provide a precise answer to the viability of every single development likely to take place during the plan period. Instead it will provide high level assurance that the proposed changes to policies within the Core Strategy are set out in a way that will not undermine the viability of the development needed to deliver the plan.

3.5 In assessing the cumulative impact on viability of the policies, individual policies were firstly tested and then these were tested in combination to assess appropriate policy ask at a cumulative level. Various options were tested to include a 5% increase in affordable housing targets for all zones, this assumes that the mix of affordable housing should be to reflect local need with 40% of the affordable housing being for those on intermediate housing and 60% being for households on social housing. The EVS concludes that if all other policies are required there is currently no headroom to

increase the targets. Any increase in the targets would result in a dilution of the requirements of other policies set out in the CSSR and adopted Core Strategy. Clearly if there is a Member preference for particular policies over others than policy choices need to be made to reflect priorities.

- 3.6 Whilst there has been some improvement since the “credit crunch” of 2008 in the City Centre many permissions for residential development have been granted but construction is only beginning to get underway. Therefore, it is proposed that the 5% target for Zone 4 (City Centre) be retained. It is proposed that at a future point once the housing market improves particularly in the City Centre and inner areas to increase affordable housing targets. Any changes in affordable housing targets and new policies are required to be tested at examination to include the evidence base which supports this.
- 3.7 The introduction of policies which are not currently in the Core Strategy has an impact on cost and therefore viability. The impact of this is that if in addition to these new policies an increase is made to existing policies, this will make the cumulative impact of policies unviable. The EVS has assessed this impact and there is no further scope to increase affordable housing targets if the new policies are also considered. The only other option to increase affordable housing targets is to not introduce either the minimum space standards or accessible housing requirements. The impact of this would be that the quality of housing would be affected, whilst affordable housing targets and provision are increased.

### *Zone Boundaries*

- 3.8 Members considered that some of the zone boundaries need to be amended including an extension of zone 4 (35% target) into areas of zone 3 (15% target), and to account for the expanding influence of the city centre. The SHMA 2017 did not reconsider the zone boundaries so if zone boundaries were proposed to be amended, further work would have to be commissioned. This would require a delay in the CSSR timetable. Also, it has to be recognised that the affordable housing zone boundaries are coterminous with the CIL boundaries and could not be changed without reviewing the implications for CIL. Any changes to the CIL boundary would require a review of the whole charging schedule to include examination. Given that the government review of the Community Infrastructure Levy (CIL) is anticipated shortly it is suggested that a review of boundaries is undertaken after the government publishes its proposals for CIL. If that is before the adoption of the CSSR the findings may be introduced at a later date. This proposal would enable the CSSR timetable to remain on schedule without removing the opportunity in the future to amend the zone boundaries.

### *Commuted Sums*

- 3.9 Members expressed concern that commuted sums are sometimes accepted as an easy option and the money provided is often not sufficient to deliver the required quantity of affordable housing. Whilst these concerns are recognised, it remains the position that whether affordable dwellings are provided on-site or are delivered elsewhere with commuted sums, investment of Registered Providers is still required. Where delivery is on-site the RPs will pay for dwellings at a discount; however in

relation to commuted sum schemes RPs invest with the benefit of the commuted sum subsidy. Given this position, it should not be expected that commuted sums should be capable of covering the full cost of new affordable dwellings, but instead only subsidising the investment of RPs. It should also be recognised that commuted sums can be pragmatic means of delivering affordable dwellings as part of regeneration or other desirable schemes. Hence it is considered that the existing wording of Policy H5 in respect of commuted sums is sufficiently robust to allow Plans Panels to resist unacceptable commuted sum offers. It currently says “*Affordable housing provision should be on site, unless off site provision or a financial contribution can be robustly justified*”. However, in order to respond to Members concerns, it is proposed to amend the opening wording of the policy to better reflect the approach that on-site provision is the preferred expectation with the payment of commuted sums in lieu of on-site delivery being the exception. The proposed rewording is set out in Appendix 1.

- 3.10 On the matter of sufficiency of commuted sums, new wording is proposed to paragraph 5.2.21 of the Core Strategy to place more emphasis on the level of commuted sum being capable of delivering the required quantity and type of affordable housing in the locality.
- 3.11 Regarding build-to-rent schemes, Executive Board (March 2017) endorsed an approach which recognises that the acceptance of commuted sums from Build to Rent schemes may be appropriate and justified in terms of the robust justification required of Policy H5. In the proposed policy of the CSSR the third option for build-to-rent provision – the commuted sum option – is necessary to ensure that commuted sums are calculated on the basis of option ii) rather than option i). Option i) is the emerging government policy for on-site affordable dwellings to be rented at 80% of local market rents and is not intended as the means of setting the level of commuted sums. ii) is the city council’s policy approach which is based on delivering genuinely affordable dwellings to meet the demonstrable needs of the city, which would be most appropriate for calculating affordable housing commuted sums for build-to-rent schemes.

#### Green Space – Policy G4

- 3.12 Issues relating to the proposed green space policy G4 and supporting text raised by Members are summarised below:
- 3.13 Members proposed that the words “New build” should be deleted from the beginning of the policy because the policy should also apply to developments involving conversions of existing buildings.
- 3.14 At the October Member Workshop it was recognised that Leeds has different green space needs in different localities. In inner areas existing green spaces are under considerable stress and commuted sums for improvements in lieu of on-site provision is considered the most pragmatic solution particularly where housing development on smaller sites is unable to deliver the full quantity of green space required. However, at the 19<sup>th</sup> December DPP meeting, some concerns were expressed that commuted sums should be discouraged on the basis that new green space is delivered on site. Within this overall context, the proposed policy is structured to favour on-site green space where circumstances are appropriate. In reflecting Panel comments it is therefore proposed to strengthen this approach by rewording the part of the Policy “If

Green space is to be provided on site...” to delete the word “If”. This is part of the proposed re-wording set out in Appendix 1.

- 3.15 Members suggested that the policy needs to ensure that green space provision is positioned and designed to be complementary to the overall design and character of residential development schemes. As such it is now proposed to add a criterion (d) for circumstances where green space is provided on-site, “d) green space should positively contribute to the overall design and character of development.

#### Space Standards

- 3.16 A number of issues were raised regarding the approach of the policy in relation to purpose built student accommodation (PBSA) and Houses in Multiple Occupation (HMO's). Panel considered that seeking to apply “reasonable standards of general amenity” for PBSA and Houses in Multiple Occupation (HMOs) did not adequately promote the standards the Council sought to secure. It was suggested that this part of the policy needed to be redrafted to say that PBSA and HMO development should reflect the Nationally Described Space Standards (NDSS). Therefore, the following wording, “....should reflect the NDSS with appropriate adjustments to address the particular characteristics of these types of development” is proposed to be inserted in the last paragraph of Policy H9. Members agreed that further guidance should still be provided through a Supplementary Planning Document, but urged that this should be prepared soon as possible with involvement of Development Plan Panel.

#### Access Standards

- 3.17 In relation to proposed Policy H10 Members were concerned whether it could be extended to require level access to all new dwellings. It was confirmed that this is already a requirement of building regulations. As a consequence, no further changes to this draft policy are therefore necessary.

#### Policies EN1, EN2 and new policy on Electric Vehicle Charging Points

- 3.18 In relation to Policies EN1 and EN2 the general point was made as to why they only apply to developments of 10 or more dwellings. It was confirmed that this threshold is in the existing adopted Core Strategy policies and has been established on the basis of viability testing. The supporting text of the adopted Core Strategy states “Economies of scale mean that energy efficiency measures are less costly on larger developments, and the policies are therefore only applied to “major development”.
- 3.19 Panel raised the point also that the 10% non-residential requirement proposed in new Policy EN8 for provision of electric vehicle charging points was too low. The requirements came from the Air Quality & Emissions Technical Planning Guidance produced by the West Yorkshire local authorities (which includes evidence, justification and strength of collaboration). A wider point was raised regarding the need for requirements to be responsive to technical innovation and capacity of the national grid. In addressing these issues, it is suggested that the following wording “These requirements will be monitored and the policy may be updated accordingly as

new technologies emerge.” be inserted at the end of paragraph 5.5.64.

- 3.20 It is also proposed to delete the wording “where feasible” from the requirement for fast charging facilities in new petrol filling stations. Any delivery issues will need to be dealt with at planning application stage on a case by case basis..

## **4 Corporate Considerations**

### **4.1 Consultation and Engagement**

- 4.1.1 Consultation on the scope of the review was carried out for 6 weeks from 19<sup>th</sup> June until 31<sup>st</sup> July 2017. Further details are set out in the report to Development Plan Panel of 19<sup>th</sup> December 2017.

### **4.2 Equality and Diversity / Cohesion and Integration**

- 4.2.1 Equality diversity, cohesion and integration has been an integral part of the formulation of policies of the Core Strategy Selective Review. Equality Impact Assessment screenings will be undertaken at key stages of the process to ensure that policies are embedded in equality considerations.

### **4.3 Council policies and Best Council Plan**

- 4.3.1 It is considered the CSSR will contribute to the Best Council Plan 2017-18 in terms of its priorities for Good Growth, Health & Wellbeing, Resilient Communities, Better Lives for People with Care & Support Needs and Low Carbon. Further details are set out in the report to Development Plan Panel of 19<sup>th</sup> December 2017

### **4.4 Resources and value for money**

- 4.4.1 The cost of preparation of the CSSR will be met from existing budgets.

### **4.5 Legal Implications, Access to Information and Call In**

- 4.5.1 The preparation of the CSSR as a development plan document is in compliance with the provisions of the Planning and Compulsory Purchase Act 2004 and the Town and Country Planning (Local Planning) Regulations 2012 (as amended).
- 4.5.2 As a development plan document the CSSR falls within the Council’s budget and policy framework and as such, will be referred by Executive Board to the relevant Scrutiny Board for consultation. .

### **4.6 Risk Management**

- 4.6.1 The Government is currently in the process of reviewing national planning policy concerning housing matters. A Housing White Paper was published in February 2017 followed by a consultation paper in September 2017(‘planning for the right homes in the right places’) which included proposals on how local housing requirements should be calculated. Consequent, national planning policy in respect of housing issues is in the process of a dynamic period of change. There is a risk that changes to national policy expected to be confirmed in April 2018 could make the CSSR Publication Draft

proposals out of line with national policy. To reduce this risk officers have tried to anticipate the direction of travel as closely as possible, as a basis to 'future proof the document'. If this does happen, the Council will have a further opportunity to bring the CSSR back to accord with national policy in the Submission Draft of the Plan which is anticipated to be prepared in Summer 2018.

## **5 Conclusions**

- 5.1 The issues raised by 19<sup>th</sup> December 2017 DPP have been addressed with the outcome that further changes are proposed concerning policies on affordable housing (H5), minimum space standards (H9), green space (G4) and electric vehicle charging infrastructure (EN8). The changes are set out in Appendix 1.

## **6 Recommendations**

- 6.1 Development Plan Panel is invited to:
- i) consider the Policies and supporting paragraphs of the CSSR as set out in Appendix 1 which includes revisions requested at the Development Plan Panel meeting of 19<sup>th</sup> December 2017,
  - ii) recommend to Executive Board that it approves for public consultation the Publication Draft of new and revised Policies and supporting paragraphs of the CSSR as set out in Appendix 1, subject to any further changes agreed at the Panel meeting.
  - iii) recommend to Executive Board that it approves the supporting documents, including Sustainability Appraisal and other background evidence

## **7 Appendices**

Appendix 1 – Proposed Publication Draft Policies with Revisions  
Appendix 2 – Report to Development Plan Panel of 19<sup>th</sup> December 2017

## **8 Background Papers<sup>1</sup>**

(2017) Draft Sustainability Appraisal of the Core Strategy, Leeds City Council

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<sup>1</sup> All documents available from <http://www.leeds.gov.uk/council/Pages/Core-Strategy-Review.aspx>