

Report of the Director of City Development

Report to Scrutiny Board (Infrastructure, Investment and Inclusive Growth)

Date: 20th June 2017

Subject: Submission of the Leeds Core Strategy Selective Review to the Secretary of State

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| Are specific electoral Wards affected? If relevant, name(s) of Ward(s): All | <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. Leeds is recognised internationally and nationally, as a leading UK Core City and in taking forward priorities for inclusive growth, 21st Century infrastructure, and environmental enhancement, the Local Plan for Leeds has a key role to play.
2. It is therefore crucial that Leeds has an up to date Local Plan in place. The Leeds Local Plan sets out a vision and a framework for the future development of the District. It comprises a number of separate documents at different stages of preparation: an Adopted Core Strategy (CS), Adopted Natural Resources and Waste Plan (NRWLP), the saved policies of the Unitary Development Plan (UDP), highly advanced Site Allocations Plan (SAP) and an Adopted Area Action Plan for the Aire Valley (AVLAAP). These Local Plan documents are a critical tool in guiding decisions about individual development proposals because they (together with any Neighbourhood Plans that have been made) form the starting point for considering whether planning applications can be approved. The Plans also have a key role in seeking to coordinate infrastructure and investment decisions.
3. Consequently, it is important to have up to date Plans in place, to positively guide development decisions, attract investment in the City, plan for the right infrastructure

in the right places and provide new homes of a quality which meet the needs of local people. It is also vital that the Local Plan documents are right for Leeds; are prepared in line with the legal and guidance frameworks of Government, reflect up-to-date evidence and the views of individual local communities.

4. This report for members of Scrutiny Board sets out the process of Core Strategy Selective Review (CSSR), the reasons for the scope, the main parts of the evidence base and choices taken as regards specific policy areas. It also sets out the approach to public consultation and how these views expressed have been taken into account. The report does this by summary of key stages and issues that have been agreed by Development Plan Panel and Executive Board in the preparation of the Plan up to this stage. It also refers to the Development Plan Panel Report of 20th June 2018 included as **Appendix 1**, which invites Panel to recommend that Executive Board and, in due course, Council submit the CSSR to the Secretary of State for independent examination.

Recommendations

5. Scrutiny Board are invited to:
 - i) consider the proposals as outlined in the report and in the Development Plan Panel Report at **Appendix 1**, and
 - ii) submit any observations or conclusions on the proposals to Executive Board for their meeting on 27th June.

1 Purpose of this Report

- 1.1 This report provides an overview regarding the preparation of the CSSR.

2 Background Information

The Local Plan

- 2.1 Local Plans are sets of documents through which local planning authorities can establish a vision and framework for the future development of their area, engaging with their communities in doing so. Local Plans address needs and opportunities in relation to housing, the local economy, community facilities and infrastructure and contain Policies and proposals which have been derived from a comprehensive evidence base and through public consultation. They help safeguard the environment, enable adaptation to climate change and help secure high quality accessible design. The Local Plan provides a degree of certainty for communities, businesses and investors, and a framework for guiding decisions on individual planning applications. The Planning System operates in a plan-led manner – meaning that having Local Plans in place creates greater certainty and helps avoid speculative / inappropriate planning proposals.
- 2.2 The Local Plan in Leeds comprises a number of different documents: the Adopted Core Strategy, the Adopted Natural Resources and Waste Plan, the Adopted Aire Valley Leeds Area Action Plan and saved policies from the previous Unitary Development Plan, which remain relevant. It will in due course also include the Site Allocations Plan, which is at an advanced stage of preparation.
- 2.3 The Core Strategy (CS) sets the framework for the Local Plan and its adoption in 2014 was a major achievement for a District the size and complexity of Leeds. The approach of the CS is the integration of a range of economic, environmental and social policy objectives, which together help to cumulatively address key aspects of the Best Council Plan around: safer and stronger communities, inclusive growth, housing, culture, health and wellbeing, 21st century infrastructure and a child-friendly city. This is achieved by a CS strategy with a priority for the majority of new development within the main urban area and major settlements, where the use of brownfield land and regeneration programmes can be boosted. In addition, Policies for place making, for high quality and affordable homes - of the right mix in the right place to meet local needs (including encouraging more homes in the City Centre) and supporting strategic employment hubs (for inclusive growth) are integral to the approach. Linked to this also, is the imperative to match where people live and work, in sustainable locations, whilst maximising existing infrastructure, transport hubs and respecting local character and distinctiveness. A fundamental component of the CS also is to support public health via the protection and enhancement of the environment, including the important role of Green Infrastructure and local child-friendly green spaces.
- 2.4 The Local Plan must be supported by a robust evidence base. For housing this means that it must plan to meet objectively assessed needs for market and affordable housing, as far as is consistent with national planning policy, including identifying a five year supply of specific deliverable sites that should be updated annually.

- 2.5 The process of preparing a Local Plan is in 5 stages. The first two stages - initial evidence gathering on the scope of the plan and publication of the draft submission policies – involve formal periods of consultation where local people, consultation bodies and those carrying out business in Leeds are invited to make representations on proposed Policies.
- 2.6 The next three stages involve formal examination. First, through submission of the plan to the Secretary of State, who appoints a planning inspector. Their role is to assess whether it the Plan is in line with legal requirements, including: a sustainability appraisal, which tests policies and their alternatives against a list of social, environmental and economic objectives; habitats regulations to ensure conservation of significant statutory environmental designations; co-operation with neighbouring authorities and statutory bodies; and effective community consultation, which has taken views on board. They also consider whether it is effective and deliverable, based on justified evidence, and in line with national guidance as set out in the Government’s National Planning Policy Framework – these are known as “tests of soundness”. To that end, to comply with the Town and Country Planning Act 2004, Local Plans must be supported by a considerable amount of material to back up their policies. Second, the Inspector writes a report setting out whether the Local Plan is sound and if not sound the local authority can ask them to recommend modifications to make it sound. Third, once the Inspector considers that the plan is sound, it can be adopted in full Council. Once adopted it becomes part of the local statutory framework for making decisions. Plan making is a highly resource intensive and technically challenging process which can take many years depending on the scope of the Plan.

Key Decisions and Stages of Preparation

- 2.7 The key decisions and events for the initial stages of CSSR plan making are as follows:

| Decision maker / event | Nature of decision | Date |
|--|--|-------------|
| Council | Commitment to review the CS within three years of adoption | Jan 2015 |
| Development Plan Panel | 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 | May 2015 |
| Scrutiny Board (joint City Development and Housing) | That the Director of City Development maintains the commitment to a selective review of the CS, which should commence following the release of the 2014-based household projections ¹ | Mar 2016 |
| Development Plan Panel | Agreed the targeted scope, commencement and timetable. Considered initial evidence from consultants on the implications on the 2014-based household projections and endorsed commissioning of a Strategic Housing Market Assessment (SHMA). Considered evidence on housing standards | Nov 2016 |

¹ Subsequently released by Government on 21st July 2016

| Decision maker / event | Nature of decision | Date |
|--|--|-----------------------|
| Executive Board | Resolved to commence the formal steps for a selective review of the Core Strategy, to agree the suggested scope and timetable of that review and also to commence the first regulatory stage of preparation | Feb 2017 |
| Formal consultation (Regulation 18) | 6 week public consultation on scope of the CSSR in line with Council's Statement of Community Involvement | Jun / Jul 2017 |
| Development Plan Panel | Noted progress, including representations made during public consultation and headlines from the emerging evidence base, including SHMA | Sep 2017 |
| Development Plan Panel | Workshop to discuss policy drafting and results of evidence base | Oct 2017 |
| Development Plan Panel | Noted outcomes of the workshop and options for progressing a revised housing requirement for the CSSR in light of evidence base, including SHMA and viability assessment work considering options for housing growth | Nov 2017 |
| Development Plan Panel | Agreed draft policies for consultation to be considered by Executive Board | Dec 2017 and Jan 2018 |
| Executive Board | Endorse draft policies public consultation | Feb 2018 |
| Formal consultation (Regulation 19) | 6 week public consultation on scope of the CSSR in line with Council's Statement of Community Involvement | Feb / Mar 2018 |
| Development Plan Panel | Noted headline responses to consultation | May 2018 |
| Development Plan Panel | Agree submission draft policies. | Jun 2018 |

National Guidance

- 2.8 As noted in paragraph 2.5 above, the CSSR has to be in line with national guidance in the NPPF. This has been a challenge to the process as the NPPF has been through a period of change (noted in paragraph 2.11 of **Appendix 1**). The Government signalled these changes in the Housing White Paper (March 2017) and subsequently provided specific detail on proposals for the assessment of housing needs in a consultation document "*Planning for the Right Homes in the Right Places*" (September 2017). Draft changes to the NPPF were consulted on in March (to which the City Council submitted a comprehensive response) and the Council understand that final guidance is to be published in July.
- 2.9 As **Appendix 1** notes the NPPF contains provisions for local authorities who are mid-way through their plan-making process. It is important to recognise that one of the shifts in national policy is from a locally based assessment of housing need to a standardised one, where Government provides the method for a base housing number and local planning authorities may increase those requirements if they consider that this is necessary for economic growth purposes.

Links with recent Scrutiny Inquiries

- 2.2 The review of the CS aligns closely with two recent Scrutiny Board inquiries.
- 2.10 The first, a joint Inquiry with Scrutiny Board (Environment and Housing) looked at 'Housing Mix' in its widest sense (the number of homes, type, tenure and meeting the needs of a wide range of needs). This reported in March 2016 with 11 recommendations that have been tracked each subsequent year. The main conclusions of the inquiry were that whilst national guidance, particularly as it relates to the viability of housing development, hampers the pursuit of quality and mix in some instances, there were a number of operational improvements which could be made to get better results on the ground. These involved the review of the CS, updated local housing need assessments, reflection of Neighbourhood Plan ambitions in decision making and continued monitoring of the type and size of dwellings. Within this context, the CSSR provides updated evidence on local need which helps determine not only the overall housing requirement for Leeds but also the level of affordable housing to be provided – and whether it should be for social rent (to meet those in greatest need) or at an intermediate level, the need for older persons housing, the standards of new homes as regards size to help address a range of health and good growth objectives and making homes more accessible to everyone.
- 2.11 The second, an inquiry into the origins, definition, principles and applications of Sustainable development to Leeds. The origins and definition of the term, sustainable development. This reported in March 2018 with 12 Recommendations seeking to embed more fully the principles of sustainable development as a cross cutting and integral component of City Council Policy, a focus for the Council to work more collaboratively with key agencies across the District including public health, share information on Section 106 and CIL spending, strengthen the links with Neighbourhood Planning and for this to be connected more explicitly to infrastructure priorities. Within this overall context, the CSSR reflects the principles of sustainable development (in the delivery of economic, social and environmental objectives at the same time) and is underpinned by a sustainability appraisal – whilst focussing upon a selective number of key policy areas. These link to the application of sustainable development principles in seeking to meet housing need, securing higher levels of affordable housing, environmental management (and improved air quality), together with more effective green space implementation. These policy areas combine to improve the District's longer term resilience, local distinctiveness and a basis upon which to secure coordinated investment and inclusive growth.

Monitoring of housing delivery

- 2.12 Despite the best efforts of the Council to increase the supply of land for the housebuilding industry housebuilding, since 2012 has not met CS targets of 3,660 per annum. In part because of the lack of delivery and Government penalties applied as a result the Council has been found to not have a five year housing land supply (appeal decisions in 2016 regarding land at Boston Spa, Kippax, East Ardsley, Bramhope and Collingham). The CSSR will help ensure that future five year land

supply is based on the most up to date evidence.

- 2.13 The Council is facilitating housing delivery via a range of interventions and programmes. The main focus of this work is in the inner area, East Leeds and the City Centre; areas which have been slower to recover from recession and where the Adopted Core Strategy, Site Allocations Plan and Aire Valley Leeds Area Action Plan focusses the majority of housing development. However, there are notable exceptions to this such as the recent Housing Infrastructure Fund bid for over 500 homes at land East of Otley. The Council established a cross Directorate housing growth team (working across planning, asset management, housing and regeneration) to stimulate delivery through a range of programmes and interventions including: by packaging its own land for sale to the market; by building Council Houses; a brownfield land investment programme and a Private Sector Acceleration Programme.

3 Main Issues

The scope and evidence of the Core Strategy Selective Review

- 3.1 The reason the CSSR is a selective review is that much of the Plan (as set out in paragraph 2.3 above) remains fit for purpose within the objectives of the Best Council Plan and the role of Leeds within the City Region. The limited and targeted changes are necessary due to key updates to the evidence base, revised national guidance and operational issues. Consequently, the Local Plan is not a static document and the Council is committed to look at whether the individual documents and Policies within them need review once every 5 years. This process is driven through Development Plan Panel and by updating of the Council's 3 year rolling Local Plan work programme (i.e. the Local Development Scheme – provided on the Council's web-site).
- 3.2 The evidence base of the Adopted CS, which established a housing requirement of 70,000 homes between 2012 and 2028, was assembled and tested by an independent inspector under circumstances which have now changed. The Council recognised this and committed to a selective review within three years. Within this strategic context, there were a number of other policy areas, which also warranted consideration as part of a selective review. These include: housing standards, discreet aspects of housing policy and green space, where as the result of changes to the evidence base or as a consequence of specific issues arising from the implementation of policies, adjustments may be justified.
- 3.3 As set out in paragraph 1.2 of **Appendix 1** the CSSR makes amendments to the Adopted Core Strategy in a number of discreet policy areas on the basis that at the current time these are the priority areas to address. They are:
- reviewing the housing requirement in Policy SP6, housing distribution in Policy SP7, with a Plan period of 2017 - 2033
 - introducing new minimum space standards for new housing in Policy H9 and new accessibility standards in Policy H10
 - updating policy requirements for Affordable Housing by amending Policy H5
 - reviewing the requirement for green space in new housing developments

- by amending Policy G4 and making minor amendments to Policies G5 and G6
- incorporating new national policy regarding Code for Sustainable Homes by updating the wording of Policies EN1 and EN2 and a consequential change to EN4
- introducing a new Policy EN8 for Electric Vehicle Charging Infrastructure

Housing Growth

- 3.4 In line with current Government guidance in the NPPF a Strategic Housing Market Assessment (including local housing survey) has been undertaken as a key piece of evidence for the CSSR. This provided the basis for reasonable alternatives for future housing growth all of which reflect sub-national population projections, economic growth, affordable housing needs and commuting patterns.
- 3.5 First is an option which matches homes with job growth (as based on the Regional Econometric Model (REM) for Leeds and the City Region). The REM takes national economic data and applies it sub-regionally and locally on the basis of the specific sectors which are expected to grow in these economies and the consequential job growth as a driver of housing demand. The “REM 2017” posits economic growth based on past trends with modest uplift whilst the “High Growth” scenario assumes a more aspirational economic growth. The “SHMA adjustment” modifies the “REM 2017” scenario and involves more realistic assumptions about household sizes and the fact that because these have not yet returned to pre-recession levels they shouldn’t inform future trends.
- 3.6 An additional alternative has been provided as part of the Ministry of Housing and Local Government consultation “*Planning for the Right Homes in the Right Places*”, published in September 2017. This sets a proposed new methodology to arrive at a starting point figure, which may be increased to reflect economic ambitions of local authorities. Executive Board (January 2018) agreed that 42,384 homes would not provide the homes necessary to support the modern economy of Leeds with its range of housing needs. Moreover, whilst the MHLG figure includes a very limited uplift for affordable housing, local evidence in the SHMA suggests that there are greater needs for affordable housing in Leeds which warrant an increased housing requirement.

| Requirement Scenario | Annual Figure | Plan Period Figure |
|----------------------|---------------|--------------------|
| MHLG Consultation | 2,649 | 42,384 |
| SHMA ADJUSTMENT | 3,247 | 51,952 |
| SHMA REM 2017 | 3,478 | 55,648 |
| SHMA HIGH GROWTH | 3,783 | 60,528 |

- 3.7 These options (as noted in paragraph 3.5 of **Appendix 1**) have helped focussed consultation responses with local community groups and the Conservative Group of the Council, preferring the lower MHLG option of 42,384 whilst developers favour the high growth scenario, with some arguing that the figure should not change from 70,000.

Quality Housing supported by 21st Century Infrastructure

- 3.8 Using the nationally prescribed methodology, the SHMA concluded a need of 1,230 affordable dwellings per annum for Leeds (similar to the current figure of 1,150). Income information from the household survey suggested that the affordable housing should be delivered as currently with 60% of required affordable dwellings to be provided at social rent levels and 40% for intermediate tenures, such as shared equity purchase. The results of the SHMA suggest a higher need for smaller size affordable properties than larger, with a proportion for elderly people. It would not be viable to deliver all of the affordable housing need through the planning system alone and it should be noted that delivery of affordable housing through Section 106² represents the smallest route for provision with Registered Provider direct delivery and grant funding providing more homes per annum.
- 3.9 Government policy allows local authorities to adopt Nationally Described Space Standards provided that there is a need, viability and that such standards will not undermine housing supply. It is well known nationally that modern new homes are often failing to meet the space that households need. In Leeds 38% of new dwellings (2012-2016) were not compliant with standards. The Policy establishes higher standards for all homes other than homes in multiple occupation for which further supplementary guidance will be proposed.
- 3.10 The CSSR introduces new Policy in relation to accessible housing standards. The policy requires new residential development to provide two types of accessible accommodation defined in Building Regulations: M4(2) a general level of accessibility roughly equivalent to the old “lifetime homes” standard and M4(3) wheelchair accessible dwellings (that can be “accessible” or “adaptable”). Different percentages of accessible accommodation were viability tested with the conclusion that developments should make 30% of all dwellings accessible to M4(2) standards and 2% of dwellings accessible to M4(3) adaptable standards.
- 3.11 The current Policy on green space delivery seeks 80sqm of green space per dwelling proposed across much of the district. In practice there is evidence that developers have found this a challenging requirement to meet whilst providing developments which make effective use of sites (especially smaller sites or those with constraints on developable areas). It is an area where officers have frequent discussions about individual site viability. As such, the overall intention of the Policy has been to achieve a revised approach that is clearer on its applicability in different circumstances and different contexts to the current policy and which can respond to variations of need including the ability to improve existing greenspaces and facilities as well as deliver new quality green spaces as appropriate.

² Planning obligations are used to mitigate the impact of proposed developments. They are commonly secured under section 106 of the Town and Country Planning Act 1990 (as amended). A developer may be asked by a local planning authority to enter into an obligation to, for example, undertake works, provide affordable housing or provide additional funding for local services. S106 is distinct from Community Infrastructure Levy (CIL).

Consultation on the scope of the Plan and the draft Policies

- 3.12 Effective consultation has been carried out in two stages of the CSSR preparation. This has been guided by the Council's Statement of Community Involvement³ which is a statement on how the local community and others will be involved in the preparation of the Local Development Framework and the consideration of planning applications. The Submission CSSR will include a Report of Consultation which summarises the activities undertaken including: which bodies and persons were invited to make representations at each formal stage of consultation, what they said and how the Council took this into account.
- 3.13 In addition to the typical consultation carried out as part of the SCI the Council also carried out additional 'front loading' and targeted consultation as follows:
- Officers undertook a number of meetings about the proposals for housing standards and accessible housing with particular interest groups, including groups representing older people and disabled people, regeneration officers and the Home Builders Federation
 - Arc4 consultancy was commissioned to prepare the SHMA in January 2017. It took 6 months to prepare the main document. The preparation process included engagement with a "Reference Group" of 30 people including neighbouring local authorities, registered providers, landlords and estate agents, house builders, older people, community interests, city councillors and officers of related council services (economic policy, adult social care, children's services, intelligence/strategy, housing, regeneration and health).
 - A meeting with local community groups engaged in Neighbourhood Planning and/or making representations on the Site Allocations Plan was held in December 2017 to clarify the complementary but distinct scope of the CSSR and SAP
 - Drop-in sessions for local people and house builders/agents at each stage of consultation
- 3.14 At the initial consultation stage between Monday 19th June to 31st July 2017 69 responses were received. A summary of comments on the first stage of consultation was considered by Development Plan Panel in September 2017. In sum many community respondents agreed with reviewing the housing requirement but not extending the plan to 2033; they considered a reduced housing requirement as an opportunity to reconsider the need for Green Belt and green field housing sites proposed in the Submission draft Site Allocations Plan. It was noted in response that the Council must plan to at least 15 year plan - period horizons as laid out in the NPPF and that the Site Allocations Plan contains measures to ensure that it is complementary to the CSSR and will itself be subject of further review once the CSSR has been adopted so as to ensure that there is no unnecessary release of Green Belt in light of a downward trajectory of housing numbers.
- 3.15 The housing industry respondents considered the review of the housing requirement premature and stressed that the assessment should have regard to the economic

³ endorsed by a Government Inspector in 2007

growth aspirations of Leeds and be robustly conducted. They were also concerned about the viability of housing development with changes to affordable housing requirements, onerous greenspace requirements and new requirements for dwellings to meet space and access standards. Suggestions for additional areas of review included employment and retail needs up to 2033, and reviewing need for community infrastructure. In response, these will be addressed through subsequent reviews of the CS and to undertake to do these now would slow down the process of the CSSR.

- 3.16 Over 200 respondents submitted duly made representations on the proposed Submission Draft policies of the Plan (also referred to as the “Publication Draft”). The majority of responses were made to Policies SP6 and SP7 concerning the housing requirement and distribution. This included a standard letter signed by approximately 83 people concerned about housing numbers and green belt release in the Aireborough area of Leeds. A good proportion of responses were from the development industry and from organisations representing particular interests. A number of parish councils and neighbourhood forums also put in representations. A summary of issues raised by policy area is set out in the 20th June Development Plan Panel Report at **Appendix 1**. Members will also note that a number of changes are proposed to the draft policies prior to submission as a result of the consultation, these are shown as tracked changes in the Appendix to the DPP Report at **Appendix 1**.
- 3.17 All responses at each stage of consultation have been analysed and assessed by officers and have helped support the drafting of subsequent stages.

Next Steps

- 3.18 As noted in paragraph 2.6 the Council must submit the Plan to the Secretary of State, who will appoint an independent planning inspector to test and examine the Plan. The submission material includes the policies and supporting technical information including the sustainability appraisal which has assessed the policies and their reasonable alternatives to ensure that they are the most sustainable approach for Leeds. The planning inspector will in due course have regard to all consultation representations made on the Plan and frame his/her examination around the matters and issues which they have raised. Those making representations will also have the opportunity to be heard at the examination.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 See paragraph 4.1.1. of Appendix 1.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 See paragraph 4.2.1. of Appendix 1.

4.3 Council Policies and City Priorities

- 4.3.1 See paragraph 4.3.1. of Appendix 1.

4.4 Resources and value for money

4.4.1 See paragraph 4.4.1. of **Appendix 1**.

4.5 Legal Implications, Access to Information and Call In

4.5.1 See paragraph 4.5.1. and 4.5.2 of **Appendix 1**.

4.6 Risk Management

4.6.1 See paragraph 4.6.1. and 4.6.2 of Appendix 1.

5 Conclusion

5.1 Following a period of plan preparation, sustainability appraisal and public consultation in accordance with the Local Plan Regulations, it is recommended that the City Council submits the Core Strategy Selective Review to the Secretary of State. This report sets out Submission Draft policies for the CSSR covering the housing requirement for a new plan period of 2017 – 2033, updating affordable housing and green space policies, introducing new policies on housing standards (size and accessibility) and updating the sustainable construction Policies EN1 and EN2 to reflect national advice and introducing a new policy on electric vehicle charging points. It sets out for Scrutiny Board Members the steps thus far taken to get to this advanced stage of plan preparation and notes the main issues raised at consultation on the proposed submission documents.

6 Recommendations

Scrutiny Board are invited to:

- i) consider the proposals as outlined in the report and in the Development Plan Panel Report at **Appendix 1**, and
- ii) submit any observations or conclusions on the proposals to Executive Board for their meeting on 27th June.