
Report of the Chief Planning Officer

Report to Development Plan Panel

Date: 18th December 2018

Subject: Technical Consultation on National Planning Policy & Guidance

Are specific electoral Wards affected?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, name(s) of Ward(s): All		
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?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, Access to Information Procedure Rule number:		
Appendix number:		

Summary of main issues

1. This report explains the Ministry of Housing, Communities and Local Government (MHCLG) proposals for amending four aspects of the National Planning Policy Framework (NPPF). Three changes concern policy on housing supply and one concerns habitats regulations assessment.
2. The consultation ran from 26th October to 7th December, so the City Council had to respond before Panel meeting on 18th December.
3. The most significant amendment concerns proposals to reduce the status of the standard method for calculating local housing requirements and the 2016 based household projections that were released in September 2018. The proposed amendments are welcome because they help address the considerable uncertainty around the 2016 based household projections and the standard method that were reported to Development Plan Panel in October.

Recommendation

4. Development Plan Panel is invited to consider the proposed changes to national policy and guidance and Leeds City Council's response that was sent before the deadline of 7th December 2018.

1 Purpose of this Report

- 1.1 The purpose of this report is to explain to Members of Development Plan Panel the changes being proposed to national planning policy and guidance by the Ministry of Housing Communities and Local Government (MHCLG) and the consultation response that was submitted by Leeds City Council prior to the deadline of 7th December 2018.

2 Background Information

- 2.1 Over the last 2 years the MHCLG has been promising to simplify the method of calculating local housing requirements. It formed part of the White Paper *Fixing the broken housing market* in early 2017 and proposals were published for consultation in September 2017. The standard method was included in the revised National Planning Policy Framework (NPPF) published for consultation in April 2018 and published as a final version in July 2018.

3 Main Issues

The Standard Method

- 3.1 The standard method set out in the NPPF 2018 has three simple steps for calculating local housing requirements:
- i Start with the latest Household Projections for the LA area
 - ii Make an adjustment for affordability. This is a standard formula based on the ratio of average income to average house price in the local area.
 - iii Cap any excessive increases.
- 3.2 MHCLG had not foreseen the effects of the 2016 based household projections which were released in September 2018. Feeding these projections into the standard method produce a significant reduction in the number of dwellings required in England from c. 269,000 homes using the 2014 based projections to only c.213,000 using the 2016 based projections. This is considerably lower than the Government's target of 300,000 dwellings to be built annually. Essentially, it was an error of judgement of the Ministry which could undermine the Government's long term objective of boosting housing supply.
- 3.3 Given that 62 strategic plans are currently being examined, MHCLG acted promptly to address the obvious shortcomings of its standard method. The Technical Consultation proposed three changes:
- i For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of local housing need
 - ii To make clear in national planning practice guidance that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard methodology; and
 - iii In the longer term, to review the formula with a view to establishing a new method that meets the principles in paragraph 18 above by the time the next

projections are issued.

3.4 In terms of implications for Leeds, a report to Development Plan Panel in October noted that application of the standard method to the 2016 based household projections produced a housing requirement considerably lower than that generated by the 2014 based projections. At that point in time, officers advised that the credibility of the 2016 based projections and the standard method were under challenge, and that Leeds would be better off relying on local evidence (the Strategic Housing Market Assessment) to support the Core Strategy Selective Review. This advice is vindicated by the MHCLG Technical Consultation which suggested that the 2016 based household projections should be ignored in favour of the previous 2014 based projections and committed the Government to revising the standard method.

3.5 The consultation posed 3 questions and the LCC response is provided below:

- i Do you agree that planning practice guidance should be amended to specify that 2014-based projections will provide the demographic baseline for the standard method for a time limited period?

LCC response: Yes. Leeds City Council has recently submitted a plan with a new housing requirement for examination. The 2014 based projections provide a more credible starting point for calculating a housing requirement for Leeds than the 2016 based projections. In thinking about the standard methodology in the future the Council would encourage Government to reflect on any structural legacies of the recent recession which may present themselves in the population and household projections moving forward and how these are reflected. This may be in the form of a delayed propensity to form households when younger irrespective of the supply of housing.

- ii Do you agree with the proposed approach to not allowing 2016-based household projections to be used as a reason to justify lower housing need?

LCC response: Yes. Leeds City Council has recently submitted a plan with a new housing requirement for examination. The 2016 based projections would generate a housing requirement for Leeds that would be unreasonably low, such that economic growth would be undermined, affordable housing delivery would be jeopardised and additional unnecessary commuting into Leeds would be generated. However, this situation points to the difficulties of having a standard methodology in the first place which relies on only two inputs: household projections and affordability ratios. Without a consideration of wider drivers of household change authorities cannot plan effectively for long term housing numbers. This is why the Council welcomes changes to the Planning Practice Guidance which allows authorities to plan for more than the standard methodology – something that Leeds is doing in its Core Strategy Review. The reverse is not allowed however and there remains some nervousness however that in the future there may be valid reasons to plan for lower housing numbers than those in household projections – perhaps if projections capture a particular (but anomalous) period of growth which is then planned to be capped. Local authorities should

have a robust understanding of the drivers of change within their local populations and households with national statistics providing a starting point for that.

- iii) Do you agree with the proposed approach to applying the cap to spatial development strategies?

LCC response: Not applicable. Leeds City Council is not part of a combined authority producing a special development strategy.

Housing Land Supply

3.6 The consultation document considers that one aspect of policy in the revised NPPF could be misinterpreted and sets out a proposed clarification. This concerns paragraph 60 of the revised NPPF which allows local authorities to use a justified alternative approach to the standard method for calculating housing need. MHCLG clarifies that this is intended to only apply where strategic policies are being prepared, not in the determination of planning applications.

3.7 The consultation suggests two minor amendments:

- Amend footnote 37, to add at the end: “Where local housing need is used as the basis for assessing whether a five year supply of specific deliverable sites exists, it should be calculated using the standard method set out in national planning guidance”
- Amend the definition of local housing need in the glossary to: “The number of homes identified as being needed through the application of the standard method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 60 of this Framework)”.

3.8 The consultation asked:

- iv) Do you agree with the proposed clarifications to footnote 37 and the glossary definition of local housing need?

LCC response: Yes. If justified alternative approaches to the standard method of calculating housing need were used in the arena of planning applications this would prolong the duration of S.78 appeals and require local authorities to devote additional resource to consideration of a wide variety of housing need calculations.

The definition of “deliverable”

3.9 MHCLG states that the definition of “deliverable” in the glossary at Annex 2 of the NPPF could be clearer. In particular a revised definition could clarify that sites that are not major development, and which have only an outline planning consent, are in principle considered to be deliverable. The detailed

circumstances also need to be clarified.

- 3.10 MHCLG proposed to amend the definition as follows:

Deliverable: To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular:

- a) sites which do not involve major development and have planning permission, and all sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans).
- b) where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years

- 3.11 The consultation asked:

- 3.12 Do you agree with the proposed clarification to the glossary definition of deliverable?

- 3.13 LCC response: The clarification that sites without planning permission are in principle deliverable is welcomed by the Council. In common with a lot of local authorities the key role of the planning system is to grant planning permissions. It is for the development industry to convert those permission into construction and the wider proposals within the Housing White Paper which are yet to be implemented help the industry to achieve this. These proposals would also help stem the disillusionment of the public in the planning system, where they see greenfield sites allowed on appeal when there are many sites with outline and full planning permission that are not being built out due to commercial choices. The Council – one of the largest in the UK with many sites in its land supply – considers that the evidential requirement as to what constitutes clear evidence on sites without detailed planning permission can include typologies of sites and would welcome guidance that recognises the degrees of certainty on this.

Development requiring Habitats Regulations Assessment

- 3.14 MHCLG has considered the implications of the ruling of the European Court of Justice (ECJ) on case C323/17 (People over Wind) and suggests making one clarification to national planning policy concerning the presumption in favour of sustainable development. Currently the presumption is disengaged where there is potential for harm to European designated sites. The ECJ judgement means that sites with suitable mitigation are excluded from application of the presumption, which was not the intention of the policy. Consequently, the consultation proposed to amend paragraph 177 of the NPPF as follows:

177. The presumption in favour of sustainable development does not apply

where the plan or project is likely to have a significant effect on a habitats site (either alone or in combination with other plans or projects), unless an appropriate assessment has concluded that there will be no adverse effect from the plan or project on the integrity of the habitats site.

- 3.15 The consultation asked
- 3.16 Do you agree with the proposed amendment to paragraph 177 of the National Planning Policy Framework?
- 3.17 LCC Response: Yes. This is a reasonable clarification for situations where an appropriate assessment has concluded there will be no adverse effects on the integrity of European habitats sites.

4 Corporate Considerations

4.1 Consultation and Engagement

- 4.1.1 MHCLG consulted on its proposed changes to the NPPF from 26th October to 7th December 2018.

4.2 Equality and Diversity / Cohesion and Integration

- 4.2.1 It is considered that the changing context of national planning policy and publication of new household projections for Leeds will have little direct impact on equality, diversity cohesion or integration of the population and communities of Leeds. However, if Leeds plans for less new housing than is actually needed this could have negative implications for certain groups with protected characteristics including young people and poorer people who may find it more difficult to access housing.

4.3 Council Policies and City Priorities

- 4.3.1 Having sufficient housing to meet the overall needs of Leeds will be essential to meet the Best Council Plan (2018/19 – 2020/21) priorities for “housing of the right quality, type, tenure and affordability in the right places” for providing housing to support older and vulnerable residents and for promoting health and wellbeing and inclusive growth.

4.4 Resources and value for money

- 4.4.1 There are no resource implications.

4.5 Legal Implications, Access to Information and Call In

- 4.6 There are no legal implications.

4.7 Risk Management

- 4.7.1 The clarifications are helpful for addressing the uncertainties for local authorities seeking of setting housing requirements.

5 Conclusions

- 5.1 The proposed clarifications were considered helpful, particularly on the use of the 2016 based household projections for the calculation of housing requirements. This helps reinforce the robustness of the Council's proposed housing requirement which is expected to be examined in February 2019.

6 Recommendation

- 6.1 Development Plan Panel is invited to note the proposed changes to national policy and guidance and Leeds City Council's response that was sent before the deadline of 7th December 2018