

Report of Chief Planning Officer

Report to Development Plan Panel

Date: 12th November 2019

Subject: Implementation of Core Strategy Policy H4 - Housing Mix

Are specific electoral wards affected? If yes, name(s) of ward(s): ALL	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Has consultation been carried out?	<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
Will the decision be open 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

Main issues

- 1 Policy H4: Housing Mix of the Core Strategy seeks to ensure that all housing developments provide an appropriate mix of homes to meet the forecast growth of households. In Leeds, like most other large authorities, the main driver of household growth is single person households and the policy's supporting text table reflects this by seeking a larger proportion of 1 and 2 bed properties (60%) than 3 and 4+ bed homes (40%).
- 2 These proportions have rarely been achieved outside of the City Centre. Panel Members will be aware that housing mix is not only a frequent topic of debate on housing developments but that the issue was considered by a joint Scrutiny Board in 2015 and subsequent meetings. In addressing the recommendations of the Scrutiny Board, negotiating housing mix to achieve the policy intent has been a regular factor in decision taking.
- 3 Whilst there have been slight improvements to the mix and a willingness from some developers to provide more smaller homes there remains a need for clarification of the policy, particularly in light of the findings of the most recent evidence on household growth contained in the Strategic Housing Market Assessment (SHMA 2017).

4. Interpretation and implementation of the Policy requires further guidance in order for the Council to meet its housing mix needs and the Policy and Plans team are currently drafting an implementation note to assist in this.

Best Council Plan Implications

5. The Best Council Plan aims to ensure that everyone in Leeds should live in good quality, affordable homes in clean and well cared for places and housing should be of the right type, tenure and affordability in the right places. Ensuring an appropriate housing mix is fundamental to achieving this. Moreover, in line with the Council's declared Climate Emergency and Health and Wellbeing agenda, better housing mix can assist in achieving higher densities of development, which in turn enable better place making e.g. through retention of trees, greenspaces and provision of green and blue infrastructure.

Recommendation

6. Development Plan Panel is invited to note the clarification to implementing Policy H4 and to note that a policy implementation note will be provided on the Council's website.

1 Purpose of this report

- 1.1 The purpose of this report is to provide an overview of the effectiveness of the Council's housing mix policy and clarify its implementation.

2 Background information

- 2.1 The National Planning Policy Framework 2019 states that a range of homes should be provided to meet local needs:

61. The size, type and tenure of housing needed for different groups in the community should be assessed and reflected in planning policies (including, but not limited to, those who require affordable housing, families with children, older people, students, people with disabilities, service families, travellers, people who rent their homes and people wishing to commission or build their own homes).

- 2.2 Core Strategy Policy H4 is up to date and in line with this national objective and states:

Developments should include an appropriate mix of dwelling types and sizes to address needs measured over the long term taking into account the nature of the development and character of the location. This should include the need to make provision for Independent Living (see Policy H8)

For developments over 250 units, in or adjoining the Main Urban Area and Major Settlements or for developments over 50 units in or adjoining Smaller Settlements, developers should submit a Housing Needs Assessment addressing all tenures so that the needs of the locality can be taken into account at the time of development.

- 2.3 The supporting text of Policy H4 contains a "Preferred Housing Mix Table" which distils the SHMA 2011. It contains targets for both type and size of housing.

Table H4: Preferred Housing Mix (2012 – 2028)

Type*	Max %	Min %	Target %
Houses	90	50	75
Flats	50	10	25
Size*	Max %	Min %	Target %
1 bed	50	0	10
2 bed	80	30	50
3 bed	70	20	30
4 bed+	50	0	10

*Type is applicable outside of City Centre and town centres; Size is applicable in all parts of Leeds

- 2.4 The Authority Monitoring Report (AMR) has recorded the housing mix delivered since 2012.

Year	Number of bedrooms			
	1	2	3	4+
2012-13	22%	27%	25%	27%
2013-14	21%	22%	28%	29%
2014-15	21%	15%	37%	28%
2015-16	26%	29%	28%	17%
2016-17	29%	25%	30%	16%
2017-18	29%	25%	22%	24%
Policy H4 target	10%	50%	30%	10%

- 2.5 The monitoring shows that there has been a constant over provision of 1 and 4+bed homes since 2012. The 1 bed overprovision is mainly focussed in the City Centre and is mainly as a result of a high proportion of apartments in overall housing completions (43%). The 4+bed over provision is as a result of developer preference.
- 2.6 As part of the recent Core Strategy Selective Review (CSSR) process, the Council updated its SHMA to take account of the most up to date forecasts of household growth. The SHMA also undertook a household survey.
- 2.7 The latest Office of National Statistics data, as used by the SHMA, shows that Leeds is expected to continue to experience the most significant increases in one person households and then couple households. Family households are forecast to stay around the current levels.
- 2.8 The Council adopted its Site Allocations Plan in July and its Core Strategy (as amended by the Selective Review) in September. As a result the Council has in excess of a 5 year housing land supply. The Government has noted that once authorities have an up to date plan and 5 year supply they will be supported in their implementation of policies to secure quality development.
- 2.9 As a result of a joint Scrutiny meeting (2016), the Council has been prioritising the delivery of H4 and negotiating schemes with developers to achieve a better housing in mix. However, the up-to-date information (discussed below) on housing needs will ensure that this process is simpler.

3 Main issues

Current Situation and update of evidence

- 3.1 As monitoring shows the housing mix and type targets, as set out in the Council's policy have not been met in recent years. As part of a plan, monitor and manage approach it is necessary to look at the implementation of Policy H4. In this instance it is considered appropriate to provide a Policy H4 implementation note.
- 3.2 Current interpretation of the policy by developers has relied upon Table H4 (which is not itself part of the Policy) and the maximum and minimum percentages range therein rather than the targets themselves. Developers have contended that proposals, which provide up to 50% 4+bed houses satisfy the policy. Conversely they also contend that it is in line with the policy to deliver at the minimum level for

2-bed and 3-bed homes. Where this situation occurs consistently it is inevitable that the targets will not be met as shown above in paragraph 2.4 above.

- 3.3 Whilst the maximum and minimum ranges and the target are set out to reflect a diversity across sites in Leeds depending on the nature of the development and character of the area there is clearly a resulting skew towards 4+bed homes which is not in line with the objectives of the policy, therefore requiring a management solution.
- 3.4 Policy and Plans team are currently in dialogue with Arc4 to provide a housing mix addendum to the SHMA, which will expand upon the evidence found within it. The document uses household projections and household survey data in order to provide housing mix and type evidence. This document would represent the most up to date evidence and therefore the most appropriate for the Council to use to determine planning applications and inform pre-applications enquiries with regard to Policy H4.
- 3.5 The implementation note will explain that the Local Planning Authority expects the most up-to-date evidence on need, as set out the Arc4 technical note/SHMA addendum note, to be used to calculate housing mix in relation to any particular scheme.
- 3.6 The table below sets out the conclusions when applying the up to date evidence for housing mix as referred to above, which effectively provides an update (albeit not one included in the adopted plan) of the Housing Mix targets. The following table is taken from data used to prepare the SHMA. It uses the demographic baseline (household projections) and household survey (aspiration and expectation) to provide a new housing mix target, removing the ranges.

Number of bedrooms	Demographic baseline (%)	Aspiration (%)	Expectation (%)	TARGET %
1	11	11.6	18	14
2	34	42.5	43.4	40
3	32	27.7	20.7	27
4+	22	18.2	17.9	19
Total	100	100	100	100

- 3.7 The targets still demonstrate that there is a need for smaller dwellings, with 54% of all dwellings delivered in Leeds needing to be 1 and 2 bed dwellings. The research shows there is a still need for 4+ bedroom dwellings, and the target has increased from the present CS Table 4 target to 19% from 10% whilst 2 bed have dropped from 50% to 40%. The table below provides a comparison between the “targets” using the initial and new evidence together with delivery of housing over the last 6 years (AMR).

Number of bedrooms	Arc4 Addendum % target	Current Table H4 % Target	AMR Average % delivery from 2012 to 2018
1	14	10	25
2	40	50	24
3	27	30	28
4 +	19	10	23

- 3.8 At the next plan review the table and supporting text will be updated to reflect the most up-to-date evidence to support Policy H4.

Implementation Note

- 3.9 The implementation note will assist users in understanding the application of the up-to-date evidence which applications should aim to broadly align with. This removes the minimum and maximum ranges as this is thought to be confusing the implementation of the policy. It is accepted that the Council is not looking for a prescribed mix on all sites, but deviation from the target mix would have to be justified by the applicant. Policy H4 also allows consideration to be given to the nature of the development and character of the location, and the implementation note will expand upon the definition of these considerations.
- 3.10 Policy H4 also requires that for developments over 250 units, in or adjoining the Main Urban Area and Major Settlements or for developments over 50 units in or adjoining Smaller Settlements, developers should submit a Housing Needs Assessment (HNA) addressing all tenures so that the needs of the locality can be taken into account at the time of development. Recently submitted HNAs have had a tendency to focus on market demand to justify a departure from the H4 targets. However, the Council's evidence (SHMA 2017 and Arc4 technical note) already considers market demand within its housing mix methodology. Therefore the HNAs submitted by applicants are doubling up on the importance of demand. The implementation note will provide further guidance on what should be expected from a HNA and how to evaluate any submitted as part of an application and also provide a Draft HNA template for developers to use.
- 3.11 The implementation note will also provide further information on where to find evidence of local need when necessary. The SHMA contains some evidence of demand for certain house types and sizes within HMCA's, but the Council also has a library of Housing Market Assessments (HMAs) that can be used to help justify mixes. Adopted Neighbourhood Plans also contain evidence of local need which in themselves form part of the Local Plan.
- 3.12 There are several benefits attributed to achieving an adequate housing mix on sites. Ensuring the Council delivers housing types and sizes to meet the evidenced need ensures that the future demographics of Leeds will have suitable homes to move into. A greater variety of housing type and mixology on sites can lead to better place making and master planning, whilst also adhering to the Council's strategic interests like the Climate Emergency and Best Council Plan.

3.13 In addition, the Planning Protocol which was launched in March 2019 which is jointly agreed encourages good practice regarding planning applications and pre-applications between officers and developers, setting out roles and expectations and one of the points in the protocol is regarding the need for policy compliant schemes and where they are not they should be justified as to why not.

3.14 The draft Policy H4 implementation note will include the following:

- A summary of national guidance.
- AMR Housing Mix Delivery.
- A technical note being produced by Arc4 that will contain a new and justified housing mix target (removing the ranges) updating the current policy supporting text.
- Clarification on the existing policy, including clarity on what is defined as the nature of the development and character of the location and why the new targets are a starting point for a development unless justified and evidenced otherwise. Importance of imposing conditions for housing mix and any other relevant conditions on outline applications to inform what is required through reserved matters details applications.
- Guidance on development size threshold for when the policy should apply, and when certain types (flats/apartments) are required, unless there is a specific policy within a Made Neighbourhood Plan and therefore that policy applies.
- The implementation note will include further guidance on achieving suitable mixes in the city centre, encouraging families to live in the city.
- Clarification on what is required from a HNA, and how to review them, and a draft HNA template for developers.
- Signpost the availability of local evidence, for example Made Neighbourhood Plans as they form part of the Local Development Plan.
- With regard to viability issues and appraisals, the Core Strategy policies were viability tested through examination and therefore the final mix should be as near to the targets as feasible for viability testing and not necessarily the submitted mix.

Monitoring

3.15 The implementation of H4 will be monitored through the annual AMR to ensure that it reflects the objectives of the original policy which are, from current monitoring not being met.

4 Corporate considerations

Consultation and engagement

4.1 Development Plan Panel comments will be considered as part of the production of the implementation note.

Equality and diversity / cohesion and integration

- 4.2 The provision of appropriate house types and sizes to meet Leeds' housing need can play a role in ensuring that all demographics can find home suitable to their needs.

Council policies and the Best Council Plan

- 4.3 Leeds Council's Best Council Plan aims to ensure that everyone in Leeds should live in good quality, affordable homes in clean and well cared for places and housing should be of the right type, tenure and affordability in the right places. Therefore, ensuring that Policy H4 is correctly implemented would help the Council meet this value.

Climate Emergency

- 4.4 A Climate Emergency was declared by the City Council on 27th March 2019. It is therefore critical that the statutory plan process and up-to-date evidence process, contributes to the future proofing of the District to mitigate and adapt to the consequences of climate change (including the need for carbon reduction to meet agreed targets).

Resources, procurement and value for money

- 4.5 As part of an ongoing process of plan, monitor and manage the Council will address implementation issues with Policy H4 within existing budgets and with existing resources.

Legal implications, access to information, and call-in

- 4.6 Policy remains unchanged, supporting text is updated with new up-to-date evidence to support the implementation of the policy.

Risk management

- 4.7 The risk of not relying on the most up-to-date evidence could result in continued delivery of a housing mix which does not reflect the most up-to-date needs of the City.

5 Conclusions

- 5.1 The implementation note will provide more clarity on the interpretation and application of Policy H4, with the aim of achieving the housing mix need requirement across the city and provides up-to-date evidence in support of the policy itself.

6 Recommendations

6.1 Development Plan Panel is invited to note the clarification to implementing Policy H4 and to note that a policy implementation note will be provided on the Council's website.

7 Background documents

7.1 None