



Council	Thursday, 18 February 2016	Matter for Decision
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**Title:** Response to Government Consultations: Proposed Changes to National Planning Policy and New Homes Bonus

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## 1. Introduction

1.1 The Government is consulting on Proposed Changes to National Planning Policy and New Homes Bonus. This report sets out the Council's proposed response to these consultations.

## 2. Recommendations

2.1 That the proposed comments as set out in paragraphs 3.3 to 3.15 and 3.18 to 3.20 of this report are approved as the Council's response to the Government consultations.

## 3. Information

### ***Proposed Changes to National Planning Policy***

3.1 This consultation seeks views on proposed changes to national planning policy. It covers the following issues:

1. Broadening the definition of affordable housing, to expand the range of low cost housing opportunities
2. Increasing the density of development around commuter hubs, to make more efficient use of land in suitable locations
3. Supporting sustainable new settlements, development on brownfield land and small sites, and delivery of housing agreed in Local Plans
4. Supporting delivery of starter homes and
5. Transitional arrangements

3.2 The full consultation document is available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/488276/151207\\_Consultation\\_document.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/488276/151207_Consultation_document.pdf). The following comments are proposed in relation to matters relevant to the Borough of Oadby and Wigston.

3.3 ***Do you have any comments or suggestions about the proposal to amend the definition of affordable housing in national planning policy to include a wider range of low cost home ownership options?***

There is concern that by broadening the definition of affordable housing to include a wider range of home ownership products coupled with proposed measures prioritising the development of starter homes within the overall target for increased housing delivery, the ability of local planning authorities to ensure delivery of other affordable models (for rent and shared ownership) will be significantly undermined.

Paragraph 50 of the NPPF requires local planning authorities to plan for inclusive, mixed and balanced communities. However, it is felt that this statement of policy is insufficient to ensure other housing for rent or existing low cost home ownership models will continue to be developed in light of the prioritising of starter homes. It is contended that developers are likely to favour starter homes as their contribution through section 106 agreements. The Government states it is concerned that the proposed changes support their commitment to widening the accessibility of home ownership for those who aspire to it, but who are currently struggling to meet this through the market. However, there will still be people who will be unable financially to realise this aspiration and will still need access to other affordable housing options. In addition, many current affordable housing products have the benefit of remaining affordable in perpetuity which will not occur with the delivery of starter homes. Although there is a restriction on starter homes not being resold or let at their open market value for 5 years following the initial sale this still means that they will, in effect, be affordable just once and not in perpetuity and therefore, future generations will not be able to benefit from access to the same affordable housing.

No consideration has been given as to whether there is a case to add the private rented sector to the definition of affordable housing.

**3.4 *Do you have any views on the implications of the proposed change to the definition of affordable housing on people with protected characteristics as defined in the Equalities Act 2010? What evidence do you have on this matter?***

As set out above, prioritisation of starter homes and home ownership in general is likely to be detrimental to some people with protected characteristics such as those with disabilities and the elderly as they are less likely to be able to access low cost home ownership. Although the Government contends that it sees starter homes as largely additional to homes that would otherwise be built plus the Framework still requires the promotion of mixed use communities it is still more likely that developers would favour an affordable housing product and this would reduce or alter the mix of affordable housing provided which could impact on those individuals seeking non-ownership affordable housing. There is current DCLG statistical evidence that demonstrates that fewer affordable homes are now being provided for people to rent. Intermediate affordable housing, mostly homes in shared ownership schemes, has also declined.

**3.5 *Do you consider that it would be beneficial to strengthen policy on development of brownfield land for housing? If not, why not and are there any unintended impacts that we should take into account?***

Yes, development on brownfield land should be prioritised, for example there should be a sequential test to development which begins with brownfield land in city and town centres, then brownfield land in other urban areas and villages and then greenfield land.

Current policy set out in the National Planning Policy Framework is unhelpful for Local Authorities that are attempting to bring forward brownfield land first. The Council has received challenges to our ambition of bringing forward town centre and urban area brownfield land first. These challenges have stemmed from the wording of the NPPF which suggests that the use of brownfield land for development should only be 'encouraged'. It would be beneficial if national policy went further and stated that the reuse of brownfield land should be prioritised. Currently brownfield land which is ready and appropriate for development is being overlooked by developers in

preference to greenfield land which is not supportive of the plan led approach to planning land use.

An example of the above would be a comment received in relation to the Council's latest Local Plan consultation: *'whilst the National Planning Policy Framework (paragraph 17) encourages the use of previously developed land it does not prioritise it. A brownfield land first approach cannot be adopted in the Local Plan, as the policy imperative must be the delivery of sufficient greenfield and brownfield land to meet identified needs when they arise'*.

**3.6 Do you consider that it would be beneficial to strengthen policy on development of small sites for housing? If not, why not? How could the change impact on the calculation of the local planning authorities' five-year land supply?**

Currently the National Planning Practice Guidance (Reference ID: 3-010-2014306) states *'...the assessment should consider all sites and broad locations for growth capable of delivering five or more dwellings or economic development on sites of 0.25ha and above. Where appropriate, plan makers may wish to consider alternative site size thresholds'*.

Oadby and Wigston Borough Council is proposing the use of no threshold for identifying sites for future housing. The reason for this is due to the Borough's relatively small size and its predominately urban nature. Historically the Borough has seen a relatively high number of small sites coming forward for development. To put the size of the Borough into context, when looking at extent of the realm measurements in hectares, (on the 31st December 2013) the Office for National Statistics suggests that out of the 406 UK Local Authority Districts, the Borough of Oadby and Wigston is the 11th smallest; however when discounting the eight London Borough's within the eleven it is the 3rd smallest behind the Isles of Scilly and Watford.

As no two local authority areas are the same it would be helpful if the wording in the National Planning Practice Guidance allowed more flexibility. It would be helpful if wording suggested that all relevant sites should be assessed and that it was the local authority's responsibility to identify an appropriate site size threshold.

**3.7 Do you agree with the Government proposal to define a small site as a site of less than 10 units? If not, what other definition do you consider is appropriate, and why?**

The 'standard' for local authorities in determining site size for annual monitoring purposes is that 10 dwellings and above constitutes a large site and those below are classed as small sites, therefore it would seem logical and sensible to use this threshold for definition purposes.

However, the Borough Council would not support any proposals to restrict affordable housing contributions to sites of 10 dwellings and above / large sites as has previously been put forward by Government. The Borough of Oadby and Wigston is small in size and relies on small residential sites (those of 9 units and below) coming forward to realise it's planned housing target. The Borough has an identified affordable housing need and would wish to test the viability of requiring affordable housing on residential sites of 9 dwellings and below to ensure that the Borough's affordable housing need is continued to be met.

It would be helpful if there was flexibility in the approach to contributions, in particular affordable housing requirement to ensure that local authorities are given the opportunity to provide as many affordable homes as they can.

Increasing the full objectively assessed housing need (or Plan period target) in local authority areas that rely on small sites coming forward would not increase the level of affordable home provision with current national policy.

**3.8 *Do you consider that national planning policy should set out that local planning authorities should put in place a specific positive local policy for assessing applications for development on small sites not allocated in the Local Plan?***

Currently planning applications for residential development are determined in accordance with both national and local planning policy. Each submitted application is determined on its own merits and takes account of the presumption in favour of sustainable development. Adding an extra layer of policy would not help the situation.

However, if a small sites policy was to be introduced, it should only relate to development of brownfield land and not greenfield land.

**3.9 *What do you consider should be the baseline against which to monitor delivery of new housing?***

Each local authority is required to produce an Annual Monitoring report which illustrates key findings relating to key elements of Local Plan / Core Strategy delivery. One of the key parts to an Annual Monitoring Report is the delivery of new housing; this could well be used as a baseline. As well as Annual Monitoring Reports councils are required to fill out the HFR return on Interform on an annual basis, again this could be a useful baseline.

**3.10 *What should constitute significant under-delivery, and over what time period?***

The definition of 'significant under delivery' needs to be set out in national policy, as well as the definition of 'persistent'. Current national policy wording allows too much room for interpretation and conflicting judgement. Having definitions set out in national policy would significantly reduce the burden during both planning application and any subsequent appeal stages. In addition to the above it is worth noting that future supply should have a direct link to under delivery also.

To ensure that short term fluctuations in the economy do not have overriding impacts, a longer time period should be used, for example 5 or 10 years and a cumulative approach should be taken. The most logical starting point for working out under delivery would be the beginning of the Local Plan plan period. A 15 or 20 percent figure should be used to establish whether a local authority was significantly under supplying over the chosen time period. If the time period adopted was for a shorter period than 5 years a higher percentage should be used, for example 30 – 40 percent to take account of short term fluctuations within the economy

**3.11 *What steps do you think should be taken in response to significant under-delivery?***

If a local authority is deemed to have a significant under delivery of residential dwellings, the government should engage with the local authority and understand why there has been under delivery. It is far too blinkered to suggest that under delivery is because a local authority is not providing the development industry with enough viable land. If a local authority is consistently refusing planning applications for development to restrict the supply of homes measures need to be imposed, however if the local authority is doing all it can to release land, whether it be brownfield or greenfield, but the development industry is dictating supply, (eg by suppressing build out rates) measures should not be imposed on the local authority.

It must be noted that local authorities can only supply land for homes to be built on and cannot influence the rate at which homes are built.

**3.12 *How do you see this approach working when the housing policies in the Local Plan are not up-to-date?***

An understanding of why a local authority is under delivering against the Full Objectively Assessed Need or Plan period target needs to be understood before a Local Plan is deemed out of date.

**3.13 *What would be the impact of a housing delivery test on development activity?***

Introducing a housing delivery test would only have an impact on those local authorities that resist development opportunities. Currently local authorities 'test' their residential land supply against their need to formulate a 5 year land supply. Local authorities that produce Annual Monitoring Reports will 'test' their delivery against their Plan period target to illustrate whether there is any under or over supply.

Introducing a test that certain local authorities could fail on will only increase the level of ad-hoc unplanned for (unsustainable) housing development. This would not conform to paragraph 17 of the National Planning Policy Framework which states that '*planning should be genuinely plan led*'.

**3.14 *What evidence would you suggest could be used to justify retention of land for commercial or similar use? Should there be a fixed time limit on land retention for commercial use?***

In relation to the Government's plans to amend paragraph 22 of the National Planning Policy Framework to make clear that unviable or underused employment land should be released unless there is significant and compelling evidence to justify its retention. It is agreed that an up to date needs assessment and market demand evidence (stated as the likely minimum evidence requirement) are necessary components of any retention justification evidence. Other evidence that should be included would be to undertake a qualitative assessment and establish a hierarchy of sites. By ranking sites through site assessment, local planning authorities can demonstrate what industrial areas are critical to the economic wellbeing of an authority's area now and in the future and also what sites could be removed or recycled for other uses, employment or otherwise. Also, an economic sector assessment should form part of the evidence base. It is useful to know what sector concentrations may exist as this might have implications for future land requirements and thus highlight where expansion/redevelopment of sites for new employment uses may be required. In addition, a Business Needs Survey may be helpful to establish what works, doesn't work and whether any businesses are looking to expand/relocate in the near future. It is essential for the development of the local

economy that employment land in good locations is not lost unnecessarily to alternative development including residential development where it can be demonstrated that it is needed for the proper functioning and development of the local economy.

It is felt that the imposition of a time limit on the protection of commercial or employment land could be prohibitive in terms of keeping the evidence base for the retention of sites up-to-date.

**3.15 *Do you consider that the starter homes exception site policy should be extended to unviable or underused retail, leisure and non residential institutional brownfield land?***

The proposal to expand the current starter homes exception site policy to include unviable and underused retail, leisure and non-residential institution brownfield land is agreed with in principle as it would see previously developed land brought forward for housing development. However, there should be similar evidence requirements, as for commercial and employment land, in terms of seeking to retain sites. There may be instances where a local planning authority may wish to retain a site and so there should be the opportunity for them to provide robust and appropriate evidence to support this.

***New Homes Bonus: Sharpening the Incentive***

**3.16** This consultation sets out a variety of options for increasing the focus of the New Homes Bonus (“the Bonus”) on delivery of new homes and freeing up resources to be recycled within the local government settlement to support authorities with particular pressures, such as adult social care, following the outcome of the 2015 Spending Review. The options on which views are sought are: withholding the Bonus from areas where an authority does not have a Local Plan in place; abating the Bonus in circumstances where planning permission for a new development has only been granted on appeal; and adjusting the Bonus to reflect estimates of deadweight. The consultation also sets out proposals for reductions in the number of years for which the Bonus is paid from the current 6 years to 4 years. The consultation considers mechanisms by which the changes could be calculated and provides exemplifications to show how the changes would work in practice alongside indications of the total cost. The changes are only proposed for 2017-18 onwards so exemplifications of impacts on individual local authorities have not been provided.

**3.17** The full consultation document is available at: [https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/487095/151217 - nhb draft condoc published version.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/487095/151217_-_nhb_draft_condoc_published_version.pdf). The following comments are proposed in relation to matters relevant to the Borough of Oadby and Wigston.

**3.18 *What are your views on moving from 6 years of payments under the Bonus to 4 years, with an interim period for 5 year payments? Should the number of years of payments under the Bonus be reduced further to 3 or 2 years?***

The Borough Council would be opposed to any reduction in the number of years that New Homes Bonus is paid.

**3.19 *Do you agree that local authorities should lose their Bonus allocation in the years during which their Local Plan has not been submitted? If not, what alternative arrangement should be in place? Is there merit in a mechanism for***

***abatement which reflects the date of the adopted plan? Do you agree to this mechanism for reflecting homes only allowed on appeal in Bonus payments?***

Preparing and keeping up to date a Local Plan is a statutory requirement of Local Councils. It is also a complicated task influenced by numerous external stakeholders and influences which can delay the process.

There is no direct relationship between the payment of New Homes Bonus and whether or not a local authority has submitted a Local Plan or how up to date a Local Plan is. Similarly, there are numerous reasons why a Council may refuse planning permission for a development that is subsequently approved at appeal. There are often good reasons for refusing planning permission in the first instance and it is not always down to poor decision making of the local authority as suggested in the consultation document.

The original purpose of New Homes Bonus was to financially reward those local communities that accepted new housing development into their area, regardless of how that housing comes about, and this is acknowledged in paragraph 3.24 of the consultation document.

It is therefore contended that it is not appropriate, nor fair on local communities, to use New Homes Bonus as an incentive to the Local Plan process or the decision making process in respect of planning applications for housing development.

**3.20 *Do you agree that setting a national baseline offers the best incentive effect for the Bonus? Do you agree that the right level for the baseline is 0.25%?***

There needs to be a recognition that not all local authorities have the physical capability to demonstrate a stronger than average commitment to growth, for example, due to infrastructure constraints, physical constraints, land availability and the size of the local authority area. It would appear that setting a baseline would unduly penalise such local authorities, including to the extent that some might not receive any New Homes Bonus at all.

Regardless of the number of new homes delivered in a local authority area, every new home in a community will have an impact on that community and New Homes Bonus payments should reflect this. In particular, it would not be appropriate for any local authority to receive no New Homes Bonus payment as a result of this measure.

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<b>Implications</b>	
Financial	Any changes to New Homes Bonus that affected the level of payments would have a financial implication to the Council.
Legal	No significant implications.
Risk [AT]	CR1 Decreasing Financial Resources: Any changes to New Homes Bonus that affected the level of payments would have a financial implication to the Council.
Equalities	Government has published an Equalities Statement to accompany these consultations

