

Planning, Housing & Environment Overview & Scrutiny Committee

Date: 17 April 2018

Subject: Consultation on Review of National Planning Policy Framework (NPPF)

Report of: Anne Morgan, Head of Planning Strategy

1. PURPOSE OF REPORT

- 1.1 To update scrutiny Members on the recently published national planning policy framework

2. RECOMMENDATIONS

- 2.1 That the Committee:
- a) Note the report.
 - b) Highlight any issues which should be raised in the draft response.

3. CONTACT OFFICERS

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4. BACKGROUND

- 4.1 This consultation seeks views on the draft text of the National Planning Policy Framework. The text has been revised to implement policy changes previously consulted on through:
- National Planning Policy: consultation on proposed changes (December 2015) available at: the housing White Paper (February 2017) available at:
 - Planning and Affordable Housing for Build to Rent – a consultation paper (February 2017) available at: Planning for the right homes in the right places: consultation proposals (September 2017) available at:
 - This consultation also seeks views on further changes to planning policy including those announced at Budget 2017.
- 4.2 The consultation was launched on 5 March and runs until 10 May. A copy of the consultation document and associated papers can be found at <https://www.gov.uk/government/consultations/draft-revised-national-planning-policy-framework>

5. INTRODUCTION

- 5.1 This is a wide ranging and frequently technical set of proposals which are likely to have important implications. These are all summarised below, but in short, the main messages are that:
- Plans would need to cover a minimum of 15 years from adoption.
 - Strategic plans should plan positively and seek, 'as a minimum to meet the objectively assessed needs for housing and other development'
 - There is a standardised methodology on calculating objectively assessed housing need. The figure for Greater Manchester is broadly similar to the figure consulted on in 2016 (first GMSF draft)
 - proposals would enable spatial development strategies to allocate sites if there is unanimous agreement across all local authorities engaged in the strategy (although only where the power to make allocations has been conferred).
- 5.2 The Government is concerned that the country does not have enough homes and that for decades the number of new homes has not kept pace with rising demand. The housing White Paper Fixing our broken housing market set out the Government strategy to tackle these failures.
- 5.3 Budget 2017 announced that 300,000 net additional homes a year was required. It included additional proposals to change planning policy and legislation to bring forward more land in the right places, invest in infrastructure (including investment from the Housing Infrastructure Fund as announced on 1 February) and a more active Homes England to diversify the market. This included the manifesto commitment to capture increases in land value and reinvest that in local infrastructure, essential services and further housing.
- 5.4 This draft new National Planning Policy Framework, (building on the first Framework published in 2012) is the next stage in responding to the housing White Paper. Alongside the draft NPPF proposals Government is also consulting on proposals for reforming developer contributions.
- 5.5 Subject to this consultation, the Government intends to publish a final Framework before the summer. In developing the draft Framework the Government has incorporated proposals from the previous consultations, changes to planning policy implemented through Written Ministerial Statements, the effect of case law on the interpretation of planning policy since 2012,
- 5.6 The consultation also includes a number of further changes to policy, beyond those consulted on previously, primarily in relation to helping to bringing land forward for development and that permissions are turned into homes as soon as possible.
- 5.7 The Government is also considering what further planning reforms could support this objective. These will be subject to the outcomes of Sir Oliver Letwin's review of build out and future consultation, and include a new

permitted development right for upwards extensions; and more effective ways of bringing agricultural land forward for housing.

6. THE CONSULTATION PROPOSALS

- 6.1 The review is wide ranging and has not simply affected the content of the NPPF but also its structure. The document is now set in 17 topic-based chapters which provide a clear overview of the planning framework and the relevance of different policies. Although much of the original document remains, this makes it difficult to compare directly with NPPF 2012.
- 6.2 As might be expected, many of the proposed changes relate to housing, particularly on ways for improving delivery to reach the 300,000 homes per year target, and how to increase affordable housing provision.
- 6.3 The consultation contains 43 questions on the detailed proposals. It is proposed that GMCA response will answer these where appropriate however it is also recommended that a more strategic response is submitted. This report highlights the key issues which impact upon our work at GM level and which it is considered should form the basis of the GM overarching response.

7. STRATEGIC PLAN MAKING

- 7.1 The consultation reinforces the importance of the plan making process and updates the NPPF in the light of the devolution of strategic planning powers to Combined Authorities. The main proposals have been subject to previous consultations.
- 7.2 Strategic policies should look ahead over a minimum 15 year period from adoption – the Local Housing Need Consultation provided a figure which spanned 10 years (2016-2026) so it is helpful that the NPPF clarifies that plans should look ahead a minimum of 15 years from adoption.
- 7.3 Strategic plans should plan positively and seek, ‘as a minimum to meet the objectively assessed needs for housing and other development’ unless there are strong reasons not to. This also includes meeting unmet needs from neighbouring authorities. This is not new but a restatement of the need to meet housing need.
- 7.4 Amendments to the tests of soundness to make clear that a sound plan should set out ‘an’ appropriate strategy rather than ‘the most appropriate strategy’. On the face of it this does not seem significant, however this is helpful as it means that plans only need to demonstrate that they are appropriate and meet strategic objectives, not that they are the best or most appropriate way of doing this. This will reduce the need consider alternative strategies or to respond to alternative strategies put forward by others.
- 7.5 Enabling spatial development strategies to allocate sites if there is unanimous agreement (although this is only where the power to make allocations has been conferred). This is significant for Greater Manchester and potentially the GMSF either at this stage or in the future. The devolution agreement confers the powers to prepare a Spatial Development Strategy

(SDS), but currently the regulations for SDS do not allow them to allocate land.

- 7.6 Plans should be reviewed to assess whether they need updating at least once every 5 years.

8. PLANNING FOR HOUSING

Calculating Objectively Assessed Housing Need

- 8.1 Government consulted on a standardised methodology for calculating housing need in September 2017. GMCA was largely supportive of the approach. The consultation confirms that strategic plans should be based upon a local housing need assessment, conducted using the standard method unless there are exceptional circumstances that justify an alternative approach which also reflects current and future demographic trends and market signals. The details of the standardised methodology are set out in the revised Planning Practice Guidance. In establishing this figure, any needs that cannot be met within neighbouring areas should also be taken into account.

Mix, type and tenure

- 8.2 Policies regarding efficient use of land, design, increasing densities, making the most of town centres sites and small sites are spread across the document. Within this context, policies should identify the size, type and tenure of homes required for different groups in the community (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).

Affordable housing

- 8.3 The Framework states that the provision of affordable housing should not be sought for developments that are not on major sites (10+), other than in designated rural areas. To support the re-use of brownfield land, where vacant buildings are being reused or redeveloped, any affordable housing contribution due should be reduced by a proportionate amount, equivalent to the gross floorspace of the existing buildings.
- 8.4 The Framework proposes that where major housing development is proposed, planning policies and decisions should expect at least 10% of the homes to be available for *affordable home ownership*, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. The previous priority given to starter homes is not continued in this consultation but the focus on home ownership rather than all forms of affordable housing is taken forward.

Housing Delivery Test

- 8.5 The Housing Delivery Test (HDT) is the annual measurement of housing delivery performance in a plan making area. The HDT is a percentage measurement of the net homes delivered against the number of homes required in a plan making area.

- 8.6 The Framework proposes that from 2020 and where housing delivery falls below 75% over the previous three years and where the local planning authority cannot demonstrate a five-year supply of deliverable housing sites (with the appropriate buffer), that planning permission should be granted .
- 8.7 The ‘homes required’ figure is calculated as either the latest adopted housing requirement figure or the local housing need figure. The proposed threshold of 75% was announced at Budget 2017. The local government finance settlement technical consultation in September 2017 on New Homes Bonus revision, set out that the Government intends to go further in 2019-20. This could include linking payment of the New Homes Bonus to the housing delivery test or the standard approach to local housing need. There will be further consultation on any further proposed changes to the bonus before proposed implementation in 2019-20.
- 8.8 The proposed operation of the HDT, particularly the linking to potential financial penalties, could have a significant impact on the individual local authorities and also potentially the willingness of Greater Manchester authorities to ‘accept’ higher figures than their local housing need, and therefore the ability of GMSF to redistribute figures across the conurbation.
- 5 year supply**
- 8.9 Many of the changes appear small, but sometimes these could have significant impacts. The way in which districts calculate the 5 year supply of housing and what can be considered is proposed to change. Existing NPPF states that sites with planning consent (full & outline) and development plan allocations are considered deliverable unless there is clear evidence to exclude them. Other sites (that do not have consent or are not allocations) can also be considered deliverable if there is clear evidence to include them. The consultation NPPF provides a definition (in the glossary) which means that only sites with full/detailed consent and small sites are deliverable unless there is clear evidence to exclude them – whereas sites with outline p/p, sites allocated in the development plan & brown-field register sites can only be considered deliverable if there is clear evidence to include them.
- 8.10 This appears to be a higher bar and could make the job of demonstrating 5 year supply during and after development plan preparation much harder.

9. VIABILITY ASSESSMENTS

- 9.1 The Framework consultation is accompanied by a consultation on proposals for reforming developer contributions, to be delivered through regulations
- 9.2 Plans should set out the contributions expected in association with particular sites and types of development. This should include setting out the levels and types of affordable housing provision required, along with other infrastructure (such as that needed for education, health, transport, green and digital infrastructure). Such policies should not make development unviable, and should be supported by evidence to demonstrate this.

- 9.3 The Framework makes clear that where a proposed development accords with all relevant policies in the plan there is no need for a viability assessment to accompany the planning application. The policy also expects all viability assessments to reflect the Government's recommended approach which is set out in draft revised national planning guidance published alongside the Framework and to be publically available.
- 9.4 The guidance says plans can set out when and how review mechanisms may be used to amend developer contributions to help account for significant changes in costs and values and provide certainty through economic cycles. Plans can set out how review mechanisms will be used to identify any significant increase in the overall value that occurs over the lifetime of a large or multi-phased development, and how that increase in value will be apportioned between the local authority and the developer to provide more certainty for delivering supporting infrastructure.

10. GREENBELT

- 10.1 The Framework maintains the strong protections of the Green Belt and retains a high bar before Green Belt land may be released. The Framework implements the housing White Paper proposals that certain criteria should be satisfied before 'exceptional circumstances' are used to change Green Belt boundaries, and that where Green Belt is released first consideration should be given to land which has been previously-developed or which is well-served by public transport. The Framework expects policies to set out how the impact of removing land from the Green Belt can be offset.
- 10.2 The Framework is also consulting on the proposal to allow brownfield land in the Green Belt to be used for affordable housing, where there is no substantial harm to openness. The proposal broadens the previous proposal to allow brownfield land in the Green Belt to be used for Starter Homes so that, subject to Green Belt protections, all residential developments that contribute to meeting an identified local affordable housing need can use brownfield land, allowing local planning authorities to use this land more flexibly in response to local circumstances.

11. PROPOSED RESPONSE

- 11.1 The deadline for responses is 23.45 on May 10. It is proposed that a final response based on the content of this report is reported to the GMCA at the end of April.

12. RECOMMENDATIONS

- 12.1 Recommendations are found at the front of the report.