

WELWYN HATFIELD BOROUGH COUNCIL
CABINET PLANNING AND PARKING PANEL – 2 NOVEMBER 2017
REPORT OF THE EXECUTIVE DIRECTOR (PUBLIC PROTECTION, PLANNING AND GOVERNANCE)

DCLG CONSULTATION: PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACES

1 Executive Summary

- 1.1 The Government has published a consultation document called *Planning for the Right Homes in the Right Places* which seeks to take forward proposals in the Housing White Paper. These include a standardised methodology for calculating housing need, a requirement to prepare a statement of common ground to aid duty to co-operate engagement with adjoining authorities, criteria for increasing planning application fees by 20% and proposals relating to housing mix, Section 106, viability assessments and neighbourhood planning.
- 1.2 The deadline for responding is 9 November 2017.

2 Recommendations

- 2.1 That Members debate the proposed responses to the consultation document.
- 2.2 That Members authorise the Head of Planning in consultation with the Executive Member for Planning, Housing and Community to submit the Council's response.

3 Explanation

- 3.1 The Government published a Housing White Paper in early 2017 called *Fixing our Broken Housing Market* which set out a wide range of actions to help fix the identified challenges of planning, delivery and affordability. This Panel received a report on its contents in February 2017 and agreed a response in April 2017.
- 3.2 The Government has now published a consultation document called *Planning for the Right Homes in the Right Places* which seeks to take forward some of the proposed actions by revising the National Planning Policy Framework (NPPF) and updating supporting National Planning Guidance.

A standard methodology for calculating local housing need

- 3.3 The NPPF expects local authorities to start the plan-making process with a clear understanding of the number of new homes needed in their area, using ONS projections adjusted for issues such as employment growth and market signals. The Government now muses that this leaves substantial room for interpretation and that a standard approach would reduce time and costs.

- 3.4 It therefore proposes that ONS household projections over a 10 year period be used as a demographic baseline, which is then adjusted by workplace-based medium house prices to medium earnings (an indicator of the affordability of housing) and then capped based upon local plan status (40% above the local plan target if the authority has adopted their plan in the last five year, or 40% above the ONS household projections if the authority does not have an up-to-date plan, whichever is higher).
- 3.5 The proposed methodology will affect local authorities differently. For illustrative purposes, this would be the effect in the Welwyn Hatfield housing market area:

	Current assessment of need	Housing need based on proposed methodology	Impact of proposed methodology
Welwyn Hatfield	800	877	+10%
East Herts	745	1,111	+49%
North Herts	690	996	+44%
St Albans	639	913	+43%
Enfield	1,695 - 2,400	3,330	+39%
Broxbourne	454	559	+23%
Stevenage	380	443	+17%
Hertsmere	599	372	-38%
Barnet	Not available	4,126	Comparable data not available

- 3.6 The precise calculation for Welwyn Hatfield would be:

a	10 years of household growth 2016-2026	6,263 / 10 = 626 per year
b	2016 Ratio of median house price to median earnings	10.94
c	Difference between median and 4 (DCLG formula)	6.94
d	Adjustment factor	$(6.94 / 4) \times 0.25 = .43375$
e	Local Housing Need formula	$1 + \text{adjustment} = 1.43375$ $\times 626 = 898$
f	Welwyn Hatfield figure capped at 40% above 626 per year	877

- 3.7 By comparison the Submitted Local Plan sets a target to build 12,000 homes in the period 2013-2032 (an average of 632 per year).
- 3.8 It is proposed that the Council objects to the use of a standardised methodology for calculating housing needs for an area. The methodology means that local authorities with a high baseline projection combined with a poor affordability ratio will face a high (albeit capped) target. This situation will apply to the majority of local authority areas in the south-east around London, many of which are already constrained by green belt designations and stressed by a lack of transport and infrastructure capacity. The Council would find itself in a situation of either having to meet this level of need or engage in very complex negotiations with adjoining and more distant authorities to re-distribute housing need beyond the

borough boundary. The merit is that it would reduce the need to commission and regularly update expensive and time-consuming housing studies.

Improving how local authorities work together

- 3.9 The NPPF expects local authorities to work together to meet housing and other development needs through the duty to co-operate process. It is recognised however that many authorities fail this legal test at public examination. The Government now muses that this approach lacks transparency, is only tested at the end of the plan-making process when it is too late to remedy any failures and does not require agreement to be reached.
- 3.10 It therefore proposes that all local authorities should prepare a statement of common ground over an agreed housing market area or other geographical area. The statement should set out cross-boundary matters and record where agreement has already been reached or will be reached, so that it can then act as an evidence base at examination stage. Authorities may need to prepare and may need to be signatories to more than one statement. It proposes that outline statements should be in place within 6 months and finalised within 12 months of the NPPF being revised in April 2018, and then updated at key milestones in the plan-making process.
- 3.11 It is proposed that the Council highlights the challenges associated with these proposals, notably that it will almost certainly create extra work, despite claims to the contrary. The Welwyn Hatfield Local Plan has been greatly challenged by the difficulty of identifying the housing market area within which the borough definitively sits. The Strategic Housing Market Assessment concludes that our housing market area extends beyond our borough boundary, but not to the extent that it fully or largely covers any adjoining local authority area. This means that we would probably need to be signatories to a number of statements of common ground, which adds even more complexity to the duty to co-operate process.

Planning for a mix of housing needs

- 3.12 It is proposed that the overall target for housing should also be disaggregated into targets for different types of housing, and seeks views on how this might be done and evidenced in a streamlined way.
- 3.13 It is proposed that the Council comments on its success in setting out targets for different types of housing in the Submitted Local Plan. This evidence was sought as part of the Strategic Housing Market Assessment. It seems likely that this approach will need to continue in order for targets to be based on local evidence, rather than relying on a national standardised disaggregation methodology.

Neighbourhood planning

- 3.14 The Government continues to support the preparation of neighbourhood plans but recognises that communities often struggle when there is no housing target for their area in the local plan.
- 3.15 It is therefore proposed that local authorities must provide neighbourhood planning groups with a housing need target for their area. This can be done on

reasoned judgement based on the settlement strategy and housing allocations in the local plan. Where the local plan is out-of-date then this target will be derived as a population percentage proportion of the overall standardised housing target.

- 3.16 It is proposed that the Council comments on its success in setting out housing targets for villages in the Submitted Local Plan, which will go some way to help neighbourhood planning groups to define an appropriate housing target for their area. At present only two town/parish councils in the borough have indicated their desire to prepare a neighbourhood plan, but neither has progressed this work to a formal stage yet.

Improve the use of Section 106 agreements

- 3.17 The Government recognises that Section 106 agreements based on viability assessments are increasingly complex and often result in lower contributions to infrastructure and affordable housing than is required by local policies.
- 3.18 It is therefore proposed that local authorities should be more explicit about the types and thresholds of affordable housing contributions that are required and the infrastructure needed to deliver the plan and with more commentary on how these will be funded and what contribution developers are expected to make.
- 3.19 It is proposed that where viability has been tested through the plan-making process the issue should not usually be re-tested at planning application stage.
- 3.20 It is proposed that viability assessments should be simpler, quicker and more transparent – through options such as a preferred approach to calculating costs and values, a standard format for viability reports and a glossary of standard terminology.
- 3.21 It is proposed that local authorities should set out in the local plans how they will monitor, report on and publicise the use of funding secured through Section 106 agreements, using an open data approach.
- 3.22 It is proposed that the Council comments on its success in setting out affordable housing targets for different parts of the borough and infrastructure requirements arising from growth in the Submitted Local Plan and Infrastructure Delivery Plan. At present officers do feel obliged to seek independent scrutiny where viability assessments are submitted by applicants because they claim they are unable to meet all policy obligations. A standard approach and standard format for viability assessments would make this easier for all. The Council already reports its Section 106 information to Development Management Committee on an annual basis, but could do more to make this easily available to the wider public.

Increase planning application fees

- 3.23 The Housing White Paper proposed to increase planning application fees by 20% to help fund planning departments. The consultation seeks views on the most appropriate criteria to enable this fee to be applied, particularly where they might support housing delivery.
- 3.24 It is proposed that the Council continues to support a 20% increase in planning application fees. The suggestion that criteria may be applied is a distinct move

away from the straightforward increase proposal in the Housing White Paper. At present the planning service funding is approximately two-thirds from application fees and one-third from council tax. It is a recognised challenge to appoint sufficient planning officers to deal with the growing caseload and to prepare the local plan and other planning documents that aid decision-making. There is a risk that the Council would lose out on funding if the increase were linked to housing delivery performance, particularly if the standardised methodology is brought into effect as proposed above.

4 Legal Implications

- 4.1 There are no legal implications associated with responding to this consultation document.

5 Financial Implications

- 5.1 There are no financial implications associated with responding to this consultation document. There will be financial implications if the proposals are brought into effect as currently proposed.

6 Risk Management Implications

- 6.1 There are no risk management implications associated with responding to this consultation document.

7 Security and Terrorism Implications

- 7.1 There are no security or terrorism implications associated with responding to this consultation document.

8 Procurement Implications

- 8.1 There are no procurement implications associated with responding to this consultation document.

9 Climate Change Implications

- 9.1 There are no climate change implications associated with responding to this consultation document.

10 Policy Implications

- 10.1 There are no policy implications associated with responding to this consultation document.

11 Link to Corporate Priorities

- 11.1 The subject of this report is linked to the Council's Business Plan 2015-2018 and particularly Priority 3 to meet the borough's housing needs.

12 Equalities and Diversity

12.1 An EqlA was not completed because this report does not propose changes to existing service-related policies or the development of new service-related policies.

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Background Papers:

DCLG Planning for the Right Homes in the Right Places consultation document
<https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>