

ITEM 11 Consultation on proposed changes to national planning policy

Report of the Head of Housing & Environmental Health and Planning Policy Manger
(Portfolio: Housing & Environmental Health and Planning Policy & Transport)

Recommended:

That the proposed response to the consultation on the proposed changes to national planning policy be noted.

SUMMARY:

This report provides the Committee with the Council's proposed response to the consultation on changes to national planning policy.

1 Introduction

- 1.1 On the 7 December 2015 the Department for Communities and Local Government published a consultation on potential changes to national planning policy (National Planning Policy Framework) that are driven at supporting housing delivery.
- 1.2 The consultation closes on the 22 February 2016. The consultation document is available via the below link

<https://www.gov.uk/government/consultations/national-planning-policy-consultation-on-proposed-changes>
- 1.3 The purpose of this report is to summarise the main issues, in so far as they relate to Test Valley, and provide a recommended response.

2 Background

- 2.1 This consultation is seeking views on the following changes to national planning policy:
 - Broadening the definition of affordable housing, to expand the range of low cost housing opportunities for those aspiring to own their new home;
 - Increasing the density of development around commuter hubs, to make more efficient use of land in suitable locations;
 - Supporting sustainable new settlements, development on brownfield land and small sites, and delivery of housing allocated in plans; and
 - Supporting delivery of starter homes
 - Transitional arrangements.

3 Corporate Objectives and Priorities

- 3.1 The consultation focuses on housing delivery which relates to the ‘Live’ corporate objective.

4 Consultations/Communications

- 4.1 The proposed response to each of the key areas is set out below. Subject to any further observations and comment this would form the response submitted to DCLG.

Definition of affordable housing

- 4.2 To support access to home ownership, the Government proposes to amend the definition of affordable housing to include a wider range of low cost home ownership options, including Starter Homes.
- 4.3 While the Council welcomes a range of affordable housing products within the definition of affordable housing, this proposal raises a number of very important concerns.
- 4.4 Firstly, the inclusion of the proposed Starter Homes is unhelpful and misleading. In many situations and especially high housing cost areas, the Starter Homes will not be affordable to those on lower incomes.
- 4.5 There is also a concern that the inclusion of Starter Homes as a significant element within mixed use developments will again have a negative impact on the provision of more affordable homes which very often are made possible on sites which have a lower value and are less attractive to open market purchasers.
- 4.6 Secondly, the 20% subsidy for new build properties under £250,000 outside of London will simply bring those prices in line with those of second hand homes for sale. The 20% equates to the premium that is charged for a new build property.
- 4.7 Thirdly, the inclusion of Starter Homes with the affordable homes definition is likely to be at the expense of securing affordable homes for rent and other low cost home ownership products such as shared ownership. Developers will use this as a means of avoiding providing truly affordable homes for rent or sale within their proposals. This will result in those who are the most vulnerable and least able to compete within the housing market being seriously disadvantaged.
- 4.8 An anticipated, severe reduction in the provision of affordable rented homes will inevitably lead to rising homelessness and households on low incomes, many of whom will be working, waiting for increasingly long periods of time before being, if ever, assisted. There does not seem to be any recognition within the Government’s approach that many of these people will simply end up with nowhere to go, creating all manner of social problems and accompanying unintended costs to the public purse. The private rented sector, even where it could do so, is not going to pick up the slack and where it does accommodate households in receipt of Housing Benefit, the benefit bill will as a consequence, increase.

- 4.9 Fourthly, the inclusion of Starter Homes and the removal of ‘in perpetuity’ clauses will result in fewer, if any, land opportunities coming forward, particularly in rural areas, where the provision of land at low cost will only benefit the first time resident.
- 4.10 Finally, the implications of concentrating on home ownership largely at the expense of affordable rented housing provision does not appear to have taken into account the fact that many vulnerable people included within protected characteristic groups cannot work or if they are able to do so, receive a low income and so will never be able to afford their own home. These most vulnerable members of society will be significantly disadvantaged by the approach the Government is taking.

Density

- 4.11 The NPPF currently enables Council’s to set appropriate density levels for new housing development based on local circumstances. The government is proposing a change to the NPPF that would expect Council’s, in both plan-making and in taking planning decisions, to require higher density development around commuter hubs wherever feasible.
- 4.12 In principle it is sensible to encourage suitable locations for higher density development in well-connected areas with sufficient capacity for growth. However it is important to remember that there is no one-size-fits-all approach to this issue and that higher densities should take account of other factors such as existing character.

Delivery of housing

- 4.13 The Government has set out an intention to introduce a housing delivery test to identify areas where there is a significant under-delivery of housing. If a significant under-delivery of housing is identified, the Government suggests action should be taken to address the matter. Under the current consultation, it is suggested that Councils considered to be significantly under-delivering should allocate additional sites through a Local Plan review or Area Action Plan.
- 4.14 The Council has concerns in response to this aspect of the consultation.
- 4.15 Firstly, the test does not include a mechanism to identify reasons for significant under-delivery, which may vary from place-to-place and could be linked to factors outside of the planning process e.g. economic climate.
- 4.16 Secondly, the root cause of significant under-delivery needs to be identified and appropriate action taken. A ‘one size fits all’ approach is unlikely to be successful.
- 4.17 Thirdly, Development Plan Documents are not delivery documents and as such, allocating additional sites does not guarantee that they will come forward.

Starter homes (discounted market sales)

- 4.18 The consultation document continues to promote Starter Homes. The government also proposes to widen the scope of the current exception site policy for Starter Homes to incorporate other forms of unviable or underused brownfield land, such as land which was previously in use for retail, leisure and non-residential institutional uses.
- 4.19 Whilst the principle of using unviable and underused commercial brownfield land should be supported there needs to be clarity that the onus is on the applicant to demonstrate why commercial land should be lost for alternative uses.
- 4.20 The consultation document also promotes Starter Homes within mixed use schemes. There is concern that this proposal reduces the ability of local areas to plan for and create balanced communities. There is risk that homes for social rent and shared ownership would be squeezed out and replaced by Starter Homes, without any guarantee of a net increase in overall housing supply.
- 4.21 The proposals to include Starter Homes within the provision of rural affordable homes will in practical terms end the development of rural affordable homes as an exception to Planning Policy. First time buyers will stand to make significant profits after 5 years of ownership and the homes will cease to be even lower cost, let alone be affordable.

Transitional Arrangements

- 4.22 The Government suggests that the proposed changes to national planning policies may mean that Councils will need to review their local affordable housing policies. Accordingly they suggest a transitional period of 6 – 12 months prior to the introduction of the new national policies, to allow Councils to undertake a partial review of their Local Plan policies.
- 4.23 Whilst no objection to the transitional arrangements is proposed should the changes to national guidance be made it is likely that this would trigger a review of the relevant affordable housing policies in the Revised Local Plan in order for it to be consistent.

5 Conclusion

- 5.1 The consultation on the proposed changes to national planning policy focuses on the delivery of houses. The report identifies the implications that such changes would have for Test Valley and the Council's proposed response.

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| <u>Background Papers (Local Government Act 1972 Section 100D)</u> National Planning Policy Framework (2012) | | | |
| <u>Confidentiality</u> It is considered that this report does not contain exempt information within the meaning of Schedule 12A of the Local Government Act 1972, as amended, and can be made public. | | | |
| No of Annexes: | Nil | | |
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