

CABINET

24 OCTOBER 2017

RESPONSE TO DCLG CONSULTATION “PLANNING FOR THE RIGHT HOMES IN THE RIGHT PLACES”

Portfolio Holder: Councillor Jane Chitty, Planning, Economic Growth and Regulation
Councillor Rodney Chambers OBE, Inward Investment, Strategic Regeneration and Partnerships

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Summary

On 14 September 2017, Department for Communities and Local Government (DCLG) published details of a consultation, “Planning for the right homes in the right places” on further measures to boost housing supply in England. This follows on from the Government Housing White Paper published in February 2017 “Fixing our broken housing market”.

This report summarises the consultation document, whilst appendix 1 provides more detail on the consultation document and sets out the 19 questions being asked in the consultation, with a draft response for consideration and approval by Cabinet.

1. Budget and Policy Framework

1.1 Responses to DCLG consultations, where the consultation has implications for delivery of the Council’s Planning Service and the Local Plan, is a matter for Cabinet.

2. Background

2.1 The Government has set ambitions to significantly boost the supply of housing, and seeks to use the planning system to support new housebuilding. The Housing White Paper published in February 2017 outlined a range of measures that the Government identified as speeding up and bringing greater

certainty to the development process. The White Paper included notice that the Government would consult on options for introducing a standardised approach to assessing housing requirements. This aims for a more transparent and consistent basis for preparing Local Plans, removing a ground of challenge between developers and local authorities that can slow down the planning process and involve considerable expense.

2.2 On 14 September 2017, DCLG published details of a consultation, 'Planning for the right homes in the right places'¹, on further measures to boost housing supply in England. The consultation runs until 9 November 2017. The main components of the consultation document are proposals for:

- A standard method for calculating local authorities' housing need;
- A statement of common ground to improve how local authorities work together to meet housing and other needs across boundaries;
- How neighbourhood planning groups can have greater certainty on the level of housing need to plan for;
- Making the use of viability assessments simpler, quicker and more transparent; and
- Increased planning application fees in those areas where local planning authorities are delivering the homes their communities need.

3. Options

3.1 The following options are available to the Council:

- (i) Do not respond to the consultation and implement any changes that are enacted by the Government in legislation, following consideration of the responses to the consultation;
- (ii) Respond as set out in the attached draft response in Appendix 1; or
- (iii) Respond as per (ii) but also require officers to engage with Kent Planning Officers Group, other Councils in Kent (or North Kent) and MPs and provide a co-ordinated response in addition to clearly setting out agreed responses.

4. Advice and analysis

4.1 The key area of the consultation document relates to the Government's proposal to introduce a standard methodology for the calculation of Local Housing Need, which will then be used for calculating housing requirements for inclusion in Local Plans and in calculating 5 year Housing Land Supply. In commenting on the principle of such a standard methodology in response to the Housing White Paper, Medway Council was supportive in principle. This was partly because it considered that it had already undertaken a robust calculation of Objectively Assessed Needs through the Strategic Housing Market Assessment work on the Local Plan and consultation on the calculation had revealed little challenge from the Development Industry, and

¹ *Planning for the right homes in the right places: consultation proposals, September 2017, available at:*
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/64495/5/Planning_for_Homes_consultation_document.pdf

partly because a standard methodology would save time and public money expense at both Local Plan and Planning Application Public Inquiries.

- 4.2 The Government, within its consultation, has produced a standard methodology for consultation which has significant implications for Council's across the Country but particularly for the South East, including Medway, as explained below.

4.3 Issues arising on Local Housing Need

- 4.3.1 Alongside the consultation document, DCLG published a data table² setting out the indicative levels of annual housing need for local planning authorities in England. The table uses the proposed formula for calculating housing need for the period 2016-2026. The new methodology has resulted in marked changes across the country.

- 4.3.2 The Government has indicated that Medway requires 1665 dwellings a year as its local housing need. The Council commissioned independent consultants in 2015 to produce a Strategic Housing Market Assessment (SHMA)³ as a core component of its Local Plan evidence base. This work determined that the Objectively Assessed Need (OAN) for housing in Medway is 1281 dwellings a year. This has been used to assess the housing needed over the plan period (2012-2035) as 29,463 homes. The Council has been working to identify land that could meet this level of housing, together with employment, retail and infrastructure needs. The proposed methodology therefore represents a large increase in the level of housing needed in Medway – a 29% uplift which would represent 38,295 houses for the plan period (2012-2035).

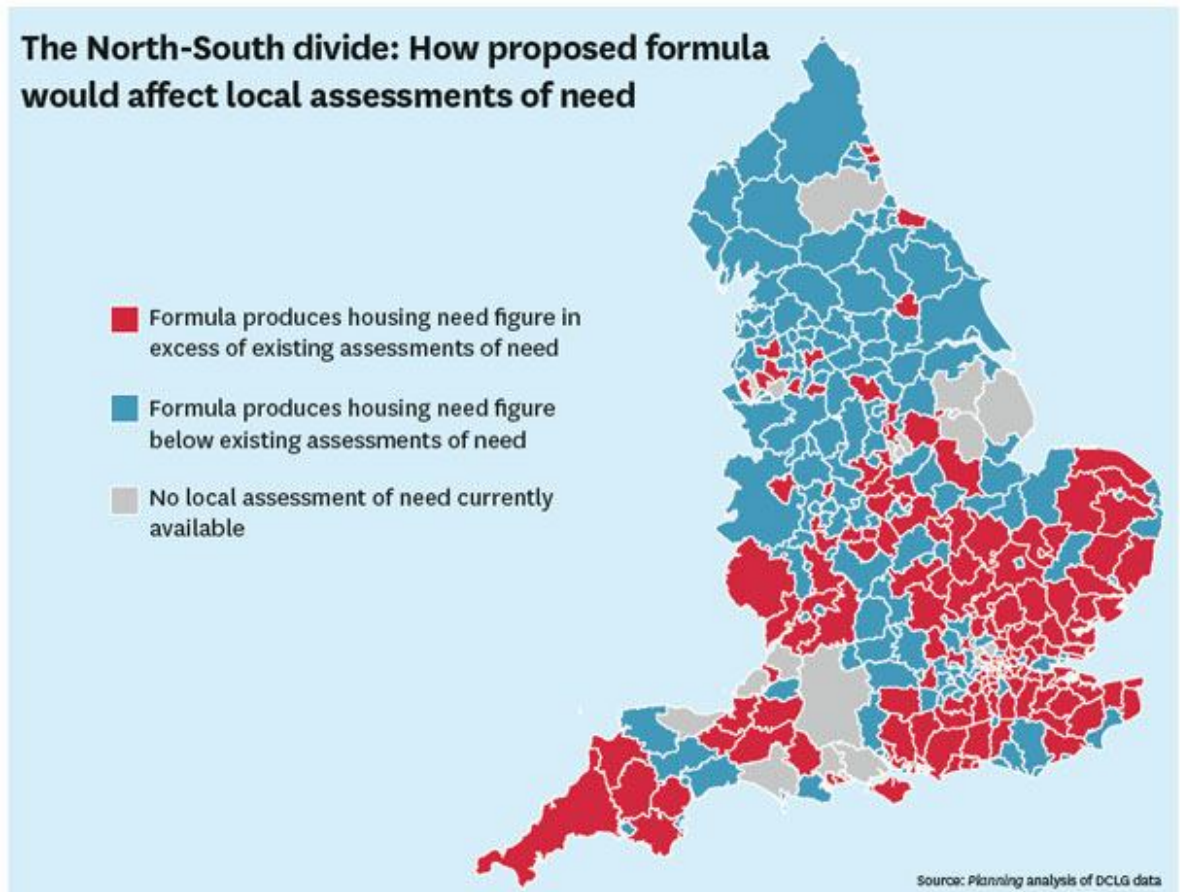
- 4.3.3 The Council considers that the work carried out in 2015 to establish the housing need for the Local Plan followed a robust methodology. There have been limited challenges to the findings of the SHMA from developers. The few representations made to the Local Plan that defined a higher level of OAN were significantly below the 1665 figure generated by the proposed standard method. Other Councils in Kent have also carried out recent assessments of housing needs, some of which have been recently successfully tested through the Examination of Local Plans. These authorities have also seen substantial rises in their OAN levels.

- 4.3.4 Although the Government states that its proposed approach represents a 5% increase across England on the 'upper end' of Council OAN estimates, there is significant variation throughout the country. Nearly half of authorities have seen a fall in their level of housing need; these are largely in the north. However, where there are increases, mostly in the south and east, the average rise is 35%.

² *Housing need consultation data table, September 2017, available at: <https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>*

³ *Strategic Housing Market Assessment, November 2015, available at: <http://www.medway.gov.uk/pdf/Medway%20SHMA%20Final%20Report.pdf>*

- 4.3.5 This is the picture in wider Kent. In the County only Shepway has seen a decrease in its OAN, but this is only for a temporary period under a capping criteria, and it also will rise significantly in a couple of years. Canterbury, Dartford, Gravesham, Maidstone, and Swale have all seen increases of over 30%.
- 4.3.6 The graphic below from “Planning” magazine illustrates the varying impact of the proposed method across England.



- 4.3.7 There is widespread concern that there is not capacity to accommodate this scale of growth, either within Medway, or wider Kent, without placing unacceptable pressures on infrastructure or the environment. There are also significant challenges to demonstrate that such rates of development could be delivered in the next 10 years.
- 4.3.8 The consultation document refers to the standard methodology for housing needs as a ‘starting point’ for housing targets in Local Plans. There is recognition that there may be environmental or other constraints that prevent authorities from meeting this level of housing need. The reference is then made to the Duty to Cooperate with other authorities to determine how any unmet need could be redistributed across a wider area.
- 4.3.9 The experience of recent Planning consultations has shown that proposals published by Government for consultation provide a strong indication of upcoming policy revisions.

4.4 Implications arising from the consultation document

Local Housing Needs

- 4.4.1 The Planning Service is working on the next stage of the Local Plan for consultation in early 2018. This involves the identification of the Council's preferred approach for strategic locations and sites to meet the area's development needs. The emerging Local Plan is seeking to meet a need of circa. 29,500 homes. The 29% increase in the OAN presents significant challenges. A crude calculation for the housing needs for the Medway Local Plan, using the proposed standard method indicates that this could increase to 38,295 (increase of 8,832 homes).
- 4.4.2 The application of the standard method will have major impacts on the housing target for the Local Plan. It is understood that the proposed methodology provides a 'starting point' for setting a housing target, and there may be a number of constraints that limit the capacity to deliver such a scale of growth. However, with the publication of this proposed approach, the Government has created uncertainties that existing OAN calculations are sound. This places increased expectations on authorities to further strengthen their evidence to support locally derived development strategies.
- 4.4.3 The Council will now need to collate further evidence, incurring expense and delays to the plan preparation to consider the options and impacts of delivering the higher level of growth. Existing evidence indicates that there are likely to be significant challenges to delivering such an increase in housing. The strengthened evidence base must therefore establish the area's capacity to accommodate sustainable development, which may determine a housing target lower than the proposed level of OAN. This will include assessment of infrastructure requirements, environmental impacts and consideration of other development needs dependencies. The Council will also need to determine how development can be delivered and viability, together with cross boundary impacts with other authorities' growth strategies.
- 4.4.4 There is also a negative impact on the development management process, as it is proposed that the standard method will be used from April 2018 as the basis for calculating the Council's five year land supply. As the market has been volatile in recent years, house building rates have not been meeting levels of defined need. Use of the higher OAN figure will weaken the Council's five year land supply position, thus providing further grounds of challenge from developers.
- 4.4.5 The development industry is now well aware of the indicative OAN targets set for Local Planning Authorities, and will seek to use the increase in housing need to make the case for further allocations in the Local Plan and particularly to secure planning consents in advance of the plan. The Council will be challenged if it does not consider the latest OAN figure in progressing to the next stage of the plan making process. If the Council is to successfully establish a lower OAN that represents a sustainable and deliverable level of growth in Medway, a strengthened evidence base will be required.

Statement of common ground

- 4.4.6 It is proposed that authorities must prepare a statement of common ground over the housing market area to set out cross boundary matters, including the housing need for the area, distribution and proposals for meeting any shortfalls.
- 4.4.7 Medway's housing market area was considered in the Medway Strategic Housing Market Assessment in 2015. Due to the size of the urban area, this was defined as a wide area with connections to neighbouring boroughs in Gravesham, Swale, Tonbridge & Malling, and Maidstone. Therefore, the Council will need to work collaboratively in producing a statement of common ground, so that this is in place within 12 months of the publication of the revisions to the National Planning Policy Framework. It is expected that the Council will need to have an outline statement in place by Autumn 2018.
- 4.4.8 All other authorities within Medway's housing market area have also seen substantial increases in the calculation of their local housing needs from the proposed standard approach. Maidstone has increased by 40%, Swale by 37% and Tonbridge and Malling by 30%. Although there is a significant increase in Gravesham on its Core Strategy housing target, the DCLG figure is closer to the Council's updated OAN determined in its SHMA.
- 4.4.9 In the case of Maidstone and Swale, both authorities have recently taken their Local Plans through Examination towards adoption. Gravesham intends to consult on its first stage of Land Allocations and Development Management Plan in October 2017, and Tonbridge and Malling aims to publish its draft plan for consultation in Spring 2018.
- 4.4.10 Not only does the proposed increase in local housing need present significant challenges for Medway in progressing its Local Plan and establishing a sustainable and deliverable strategy for managing growth, authorities in the wider housing market area will also be struggling to identify the capacity to accommodate this scale of development. At recent Local Plan Examinations, all authorities in Kent have been tested on the ability to deliver their development strategy, particularly on securing strategic infrastructure upgrades required to support growth.
- 4.4.11 The scale of increase in housing needs across North/Mid Kent will likely place unacceptable pressures on infrastructure and services, as well as the capacity of the environment to accommodate such a scale of growth. There is also much uncertainty that the development industry could, or would wish to, deliver this volume of new housebuilding in the area over a short period of time. There are well acknowledged issues of labour and skills shortages and access to development finance in the housebuilding sector, together with consideration of market factors that influence the release of new homes.
- 4.4.12 At this stage it is hard to envisage that the authorities within Medway's housing market area would be able to determine the means of meeting the scale of housing needs proposed to satisfy the Government's expectations on putting statements of common ground in place.

4.4.13 Discussions have started with neighbouring authorities and underway on a strategic county and sub-county basis. A formal process will be needed that includes member engagement.

Proposed approach to viability assessment

4.4.14 There will be more robust testing of Local Plans to prove that the development strategy is deliverable. This will place additional expectations on the Council to identify and cost the infrastructure required to support the level and mix of development proposed in the Local Plan. The Council needs to prepare for this through strengthening its evidence base and testing of sites and strategic locations to demonstrate deliverability, including phasing and how and when infrastructure will come forward to support housebuilding.

4.4.15 In determining the preferred development strategy to promote in the draft Local Plan, the Council will need to consider how and when the portfolio of selected sites will be delivered. It needs to address potential risks of delays and constraints attached to strategic sites, where there are common issues of major infrastructure investments prior to housing delivery, and release of sites being timed by market considerations. In assessing which sites should be selected as development allocations in the Local Plan, the Council will need further information from developers and site promoters on delivery and how they will contribute towards meeting infrastructure needs.

4.4.16 Initial reactions to this proposal in the consultation paper have raised queries from the development and planning sectors on the feasibility of effectively managing viability testing at the plan making stage, when market conditions can vary significantly over time.

Planning fees

4.4.17 The Council welcomes the Government's statement that it will bring forward regulations at the earliest opportunity to increase planning fees by 20% for those authorities that will commit to investing the income in improving the productivity of their planning departments.

4.4.18 However, Medway could miss out on the potential of securing a further 20% increase on planning fees income, due to the market not delivering the high level of housing need proposed by the new methodology.

4.5 Conclusions

4.5.1 The Council has identified a number of concerns arising from the proposed changes to the Planning System set out in the consultation document. These are set out above and in the responses to the set questions in Appendix 1. It is the Government's intention to speed up the development process and to introduce more certainty into Planning. It is therefore disappointing that the implications of these proposed changes will create more uncertainty in the short term, and have a direct impact on the timing and costs of preparing Medway's Local Plan, and undermine the authority's work in providing a locally led development planning strategy.

4.5.2 The Council will work with other planning authorities, particularly across Kent, at technical and political levels to voice concerns and evidence capacity constraints to growth. Officers will provide a position statement for use in determining planning applications and in appeals. The Council will also carry out additional work to secure the baseline information for the Local Plan, to ensure that it is sound.

4.5.3 Cross border discussions will continue to work towards having a statement of common ground progressed for next autumn.

5. Risk management

Risk	Description	Action to avoid or mitigate risk	Risk rating
1. Government ignore comments from Medway Council and introduce standard methodology as proposed	1. Delay to Local Plan production 2. Inspector does not find Local Plan sound 3. Council will have reduced 5 year housing land supply 4. Increased speculative applications 5. Cannot meet housing delivery targets 6. Do not get second additional 20% increase in planning fees	1 and 2. Evidence work continuing on Local Plan to justify housing target to be included in Plan 3 and 4. Need to continue to grant planning permission on more sustainable sites and encourage early implementation and delivery of sites 5 and 6 set out clearly measures taken to deliver housing being proactive – e.g Building company, implementation officer etc and demonstrate increase in delivery from previous years	B2

6. Financial implications

6.1 The financial implications relate to the possibility of a second and additional 20% increase in planning fees and not securing that increase because we are unable to meet the housing delivery targets set out.

6.2 There is a chance of an increase in expenditure due to need to defend expensive public Inquiries, resulting from an increased number of speculative applications, due to lack of 5 year housing land supply and delay in producing Local Plan.

7. Legal implications

7.1 As this is a consultation response there are no direct legal implications at this time.

8. Recommendations

8.1 That the Cabinet agrees that this report and response to the direct questions in the consultation, as set out in Appendix 1 to the report, be sent to the DCLG as Medway Council's formal response to concerns about the proposals contained in the consultation.

8.2 That the Cabinet instructs officers work with other Kent Authorities and Kent Planning Officer Groups (KPOG) to promote joint responses expressing similar concerns to those set out in the report and Appendix 1 to the report.

8.3 That the Cabinet encourages the 3 local Medway MPs to lobby the Secretary of State on behalf of Medway to express clearly the concerns of Medway and other Kent Authorities about the proposals in this consultation.

8.4 That the Cabinet instructs the Leader and Chief Executive to raise the concerns of Medway at their various Kent and Medway Group meetings and to promote similar joint responses to the consultation.

9. Suggested reasons for decision(s)

9.1 Medway Council is concerned about the recommendations contained within the consultation and specifically the standard methodology for calculating housing need. The consequences of the recommendations within the consultation are set out in the body of the report and in the responses to the questions in appendix 1 to the report.

9.2 The standard methodology recommended produces a housing target for Medway and other Kent Authorities that is not only unachievable but would have serious and unacceptable implications for infrastructure and the valued and nationally and internationally protected landscape within Medway.

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Appendices

Appendix 1 - Proposed Response to DCLG consultation questions in "Planning for the right homes in the right places" consultation.

Background papers

Planning for the right homes in the right places: consultation proposals, September 2017, available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/644955/Planning_for_Homes_consultation_document.pdf

Housing need consultation data table, September 2017, available at:
<https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>

Strategic Housing Market Assessment, November 2015, available at:
<http://www.medway.gov.uk/pdf/Medway%20SHMA%20Final%20Report.pdf>

Appendix 1

Response to DCLG consultation questions in “Planning for the right homes in the right places” consultation.

The answers given to the questions set out below, should be read in the context of the Council’s concerns specifically on the detail and implications of the proposed new approach to calculating Housing need specifically referred to in the attached Cabinet report.

PROPOSED APPROACH TO CALCULATING THE LOCAL HOUSING NEED

The proposed approach is in 3 steps:

1. Setting the baseline – This should continue to be projections of future household growth in each area.
2. An adjustment to take account of market signals. This is basically building in an affordability ratio linking median house prices to median earnings.
3. Capping the level of any increase. For those LPA’s with Local Plan adopted in last 5 years this will be capped at 40% increase. For those without an up to date Local Plan the cap will be 40%, whichever is the higher of the projected household growth for their area or annual housing requirement.

The attached Cabinet report sets out very clearly the implications of this standard approach for Medway. At the time of the work on the previous core strategy in 2014 the annual Objectively Assessed Needs (OAN) was 815 dwellings per year. With the recent Strategic Housing Market Assessment (SHMA) work as part of the current Local Plan, the annual OAN figure went up to 1281 based on a very robust assessment. There was little challenge to this figure by the development industry in their representations on the Local Plan consultations and in support of planning applications. The few that did challenge, calculated a significantly level lower than the 1665 dwellings per year generated by the new method. Initial discussions with DCLG policy team a year ago when work was being undertaken on a draft methodology, indicated that the Medway figure was about right. The new methodology currently proposed would result in an annual requirement of 1665, which is more than double the requirement of just 3 years ago and a 30% increase on the very recent SHMA figure.

Every single Kent Authority (with exception initially of one in the early years) would see an increase, including Swale and Maidstone who have recently had their housing figures agreed by an Inspector through a Local Plan Examination. Indeed their figures would go up by 35% and 40% from previous targets. Furthermore, every Authority in Kent would immediately no longer have a 5 year housing land supply and with that brings pressure for speculative housebuilding and approvals

(possibly on appeal) for significant development on sites not included on any Local Plan. This would bring the whole planning process into disrepute.

Medway's figures would increase by 29%, over the OAN identified in the recent SHMA, a significant amount over a recently robustly assessed figure and in an area of Kent which is the most affordable. Medway has grasped the nettle and is positively preparing a Local Plan with the intention of meeting the OAN figure of 1281, despite the fact that is already a significant increase over the previous 815 figure and also despite the fact the development industry has struggled to meet the lower figure. This would potentially mean an extra 8000 dwellings over the Plan period in addition to the 29,500 already being planned for.

Medway is trying to plan positively and for the infrastructure necessary to support the growth predicted within the current SHMA and indeed has recently lodged an expression of interest bid for funding for infrastructure, as part of the Housing Infrastructure Fund.

Medway is also aware that the need to promote and encourage the development of SME's and different ways of delivering housing, such as modular housing if Medway is to get anywhere near the current housing target, as the traditional 10 large house builders simply will not deliver enough housing or quickly. Medway currently has 3 sites being developed for modular house building including Kitchener Barracks, which is specifically referred to in the Housing White Paper. We are also encouraging the provision of a new factory(s) in Medway for modular house building.

Notwithstanding this, there are clear infrastructure constraints to development in Medway, while Medway is also blessed with significant national and internationally important environmental constraints, such as Special Protection Areas (SPA'a), AONB, Green Belt, SSSI's, RAMSAR sites, protected coastline etc., which cover a lot of our rural area. So while Medway are planning positively, the current housing targets are a challenge and a 29% increase would be unachievable for all the above reasons.

However, while the proposals do allow for Councils to bring forward a Local Plan that does not meet the housing target set out using the new housing needs approach, it is very clear that to do so would require considerable evidential work. The Council is already undertaking significant work to try to deliver a new Local Plan within a very tight timeframe, but the work required to justify either that the standard approach figures could or could not be met will result in a significant delay in producing a Local Plan. This would be a great frustration and to put this into context, Medway's current Local Plan dates back to 2003, despite 2 attempts to bring forward a Core Strategy, which both times got to an Examination in Public stage. The first time because an Inspector had concerns over an employment issue (which Inspectors now are encouraged to find solutions to and ways forward) and the second time due to Lodge

Hill and the fact that survey work presented during the Examination Hearing Sessions introduced new information on ecology interests, which subsequently led to the designation of an extended SSSI . A further delay to production of a Local Plan now would be to penalise Medway again for aspects outside of our control and place further pressure for speculative house building, raising increasing public concern over the Planning process. This would limit Medway's ability to plan comprehensively for the wider development needs and meet the strategic objectives set for the plan.

Question 1

- a) Do you agree with the proposed standard approach to assessing local housing need? If not, what alternative approach or other factors should be considered.**
- b) How can information on local housing need be made more transparent**

In commenting on the Housing White Paper, Medway supported the principle of a standard approach to calculating housing need, as it would potentially avoid costly time at both Local Plan Examinations and Planning Appeal Inquiries. However, for all the above reasons (and those set out in the Cabinet report) Medway cannot support the standard approach being put forward now and strongly recommends that it is completely re-thought and something fairer and more deliverable for the South East and the Country is brought forward.

The standard approach proposed is not simpler and no more transparent than the current process.

Question 2

Do you agree with the proposal that an assessment of local housing need should be relied upon for a period of 2 years from the date the plan is to be submitted

It is agreed that there needs to be a period of stability where the housing figures remain at a set level. This will help to avoid the necessity for expensive and time consuming days at Inquiries into planning appeals. However, it is questioned if a period of 2 years is long enough, given the process involved in submitting a plan for Examination, and potential further consultation on main modifications before a plan can reach Adoption stage.

Question 3

Do you agree that we should amend national planning policy so that a sound plan should identify local housing need using a clear and justified method.

Yes

Question 4

Do you agree with our approach in circumstances when plan makers deviate from the proposed method, including the level of scrutiny we expect from Planning Inspectors?

Medway Council has already carried out a robust and rigorous assessment of housing need based on realistic assumptions, as have many authorities in Kent, including those that have very recently got their plans through an Examination process with the methodology and figures agreed. Notwithstanding that the proposed figures using the standard methodology are significantly higher. Medway does not consider the proposed approach to be the correct one, with the likely consequence of all the concerns identified above and in the Cabinet report.

Question 5

- a) **Do you agree that the Secretary of State should have discretion to defer the period for using the baseline for some Local Authorities? If so, how best could this be achieved, what minimum requirements should be in place before the Secretary of State may exercise this discretion, and for how long should such a deferral be permitted?**
- b) **Do you consider that authorities that have an adopted joint Local Plan or which are covered by an adopted spatial development strategy, should be able to assess their 5 year land supply and/or be measured for the purpose of the housing delivery test, across the area as a whole?**
- c) **Do you consider that authorities that are not able to use the new method for calculating local housing need should be able to use an existing or emerging local figure for housing need for the purposes of calculating 5 year land supply and to be measured for the purposes of the housing delivery test?**

Considering the preceding paragraphs to these questions, they are not relevant to Medway, although consideration should be given to where a LPA are promoting an ambitious plan to deliver housing, such as a new market town or such like. This will rely on significant infrastructure delivery, which is the subject of a successful bid for funding and therefore likely to come forward, in which case that Authority should be

allowed discretion by the Secretary of State, in terms of applying the base line and 5 year housing land supply.

Question 6

Do you agree with the transitional arrangements for introducing the standard approach for calculating local housing need?

Medway strongly does not agree with this. It considers that it has spent considerable time producing a SHMA, which contains a robust assessment of housing need and that this has been the subject of extensive public consultation, the comments from which are being assessed. It should be noted that the public, while accepting the housing crisis and need for housing are still concerned about the high numbers (the 1281 figure) and the implications for infrastructure and natural environment. By imposing the new approach on Medway, we will not have a published plan by March 2018. An increase of 29% will have huge consequences for Medway in terms of further work in relation to evidence, as well as public consultation. This will significantly delay production of the Local Plan, while also bringing into question Government's role in dictating significantly increased local housing figures on an area where infrastructure (roads, schools, doctors, water etc.) is already under huge strain and environmental constraints are equally significant.

STATEMENT OF COMMON GROUND

QUESTION 7

- a) **Do you agree with the proposed administrative arrangements for preparing the statement of common ground?**
- b) **How do you consider a statement of common ground should be implemented in areas where there is a mayor with strategic plan making powers?**
- c) **Do you consider there to be a role for directly elected mayors without strategic plan-making powers, in the production of a statement of common ground?**

There have been issues in a few Authorities with the Duty to Cooperate (D2C) and some Local Plans have been found unsound. Many plans have been found sound though and the D2C process has worked, recognising that it is not a duty to agree. One of the fundamental issues has been that the problems that exist now have existed since the abolition of Regional Strategies.

- a) Having made those points, Medway agrees with the proposed first step of a statement of common ground (SOCG) should be to identify key cross border strategic planning issues, including housing and infrastructure. Medway also

agrees that for SOCG to work there is a need to work with neighbouring authorities to produce a Strategic Housing Market Assessment and indeed Medway has done this. There is a risk that the new process introduces additional opportunities for challenge to Local Plans, and therefore local planning authorities will seek to include more detail in SOCGs, thereby making the process more resource intensive, potentially detracting from other areas of work.

b) No Comment.

c) Cannot see what this would add to the process or what necessity there is for this.

Question 8

Do you agree that the proposed content and timescales for publication of the statement of common ground are appropriate and will support more effective co-operation on strategic cross boundary planning matters?

The proposal in the consultation is that within 6 months the contents of a SOCG should contain:

- Identify the Geographical area.
- Key cross boundary matters.
- Identify the relevant authorities.
- Governance arrangements.
- How it will be kept up to date.

Then within 12 months the SOCG should also include:

- The process for agreeing the distribution of housing need, including un met need.
- Keep records of agreements and disagreements on key strategic matters.
- Other key strategic cross boundary matters.

This will undoubtedly cause delay to the Local Plan process, as it is clearly an additional area of work that will take time, including officer and member time, which will increase with the number of Authorities involved and thereby signatures required. It is likely that there will be multiple agreements, as strategic matters operate over different geographies and stakeholders. The Council agree with the RTPi view that “frequent tinkering with the planning system are severely disruptive to the day to day tasks of planning and delivery”.

Question 9

- a) **Do you agree with the proposal to amend the test of soundness to include that:**
- i) **Plans should be prepared based on a strategy informed by agreements over the wider area; and**
 - ii) **Plans should be based on effective joint working on cross boundary strategic priorities, which are evidenced in the statement of common ground?**
- b) **Do you agree to the proposed transitional arrangements for amending the tests of soundness to ensure effective co-operation?**
- a) i) Do not agree with this, as the D2C and the SOCG are not a requirement to agree. So if there are areas of disagreement how would that impact on the soundness of a plan. It would create doubt and uncertainty and potential areas of conflict. Medway does agree that the SOCG (or D2C) should be a consideration on whether the Plan is sound or not and that Plans should be informed by the SOCG.
- ii) Plans should be “informed by” rather than “based on”.
- b) The proposal is that the new tests do not need to be applied until 12 months after the proposed revision to the NPPF. Medway understands this, but that would still mean that you could have multiple authorities at different stages in their Local Plan process and therefore working to different rules, which would then disadvantage those at an earlier stage in their plan process. The different positions in the plan making process will present considerable challenges to coordinate work and align evidence bases.

PLANNING FOR A MIX OF HOUSING NEEDS

The proposal here is to disaggregate the total housing need into the overall needs for each type of housing as part of the plan making. The issues here for consideration are:

- Impact on timescales.
- How do you get evidence on every type and tenure.
- NPPF, Annex 2, which provides a definition of older people, and this reflects the range of people at different ages and with different needs.

Question 10

- a) **Do you have suggestions on how to streamline the process for identifying the housing need for individual groups and what evidence could be used to help to plan the needs of particular groups**

b) Do you agree that the current definition of older people within the NPPF is still fit for purpose?

- a) The Strategic Housing Market Assessment has provided this breakdown of housing need for particular groups. Although the needs of some groups can be identified reasonably clearly through published demographic information, the council considers that some areas require a more considered assessment to provide a robust evidence base and appropriate policy. The need for affordable housing is particularly important to define clearly. Developers sometimes challenge the policy requirement for affordable housing, and is necessary to show a clear evidence base that underpins the Local Plan targets and policies.
- b) Medway agrees.

NEIGHBOURHOOD PLANNING

The proposal is that Local Plans should be clear on the apportionment of housing in neighbourhoods. Where the Local Plan is out of date though (like Medway) then the proposal is for a formula based approach which will apportion overall housing types to neighbourhoods.

Question 11

- a) **Should a Local Plan set out the housing need for designated neighbourhood planning areas and parished areas within the area?**
 - b) **Do you agree with the proposal for a formula based approach to apportion housing need to neighbourhood plan bodies in circumstances where the local plan cannot be relied upon as a basis for calculating housing need?**
-
- a) Yes. Clearly Local Plans should identify housing need for neighbourhoods BUT that housing need might not be able to be met in the most sustainable way in that neighbourhood and the Local Plan strategy may be that the housing need may be better met elsewhere and allocate accordingly, or conversely may look to that neighbourhood to take the housing need from another neighbourhood. That is part of the Local Plan process which is to identify housing need over the housing market area and then to allocate sites, which are the most sustainable and best meet the strategic objectives set for the plan.
 - b) No, for the above reason as this might not be the most sustainable and appropriate way forward.

VIABILITY

The consultation paper advises that its proposals for S106/CIL are short term with announcements on the wider options for reform later.

Medway Council would want to make the following initial comments:

- a) There must be an immediate removal of the “pooling” limit of contributions and it cannot and should not wait for wider reforms at some time in the future. Such pooling has a huge impact on the delivery of the infrastructure necessary to bring forward a development without causing unacceptable harm to the existing infrastructure, services and facilities in the locality.
- b) Viability assessments are currently a game of smoke and mirrors where developers manipulate and hide figures to try to minimise contributions and much needed affordable housing. This is delaying and time consuming and often results in important infrastructure not being provided.
- c) The inclusion of vacant building credit is total nonsense and again results in important infrastructure and affordable housing not being provided, for no justified viability reasoning. This loop hole to avoid affordable housing needs to be stopped immediately, otherwise Local Councils will have an even greater shortage of vital affordable housing to have to provide elsewhere. This is particularly important in the South East, where the Government’s proposals of housing need set figures, based on the lack of affordability of housing.
- d) The starting point for viability assessments and what can and cannot be included is not clear or transparent. The fact that land owners can factor in a “purchase price” for land that they already own and have not had to pay for, cannot be right and just seems to be double counting in relation to profit. Such “double counting” again means that schemes appear unviable on paper, when that is far from the truth and the consequence again is that the necessary infrastructure, affordable housing or contributions to services are lost.
- e) The public and local authorities do not easily understand viability assessments and it is a deliberately complex science designed to hide and screen real figures and viability in order for developers to maximise profits far above expected levels at the expense of paying for and delivering the necessary infrastructure and services to serve the needs of the development.

Question 12

Do you agree that Local Plans should identify the infrastructure and affordable housing needed, how these will be funded and the contributions developers will be expected to make?

Yes.

Question 13

In reviewing guidance on testing plans and policies for viability, what amendments could be made to improve current practice?

Not sure.

VIABILITY IN DECISION MAKING

Question 14

Do you agree that where policy requirements have been tested for their viability, the issue should not usually need to be tested again at the planning application stage?

In principle Medway agrees. However, it is not possible for a LPA to fully consider the viability of every site, as there may be hidden costs such as archaeology, contamination or other ground conditions, which may not be apparent at the Plan making stage. Also over time, the viability work on a Local Plan may become dated or may need to change due to market or economic changes. The consequences are that key sites may then not be viable to develop and not come forward. This will then impact on the ability of LPA's to deliver and meet the housing need of its area. This may then put pressure on the further release of non allocated and less sustainable green field sites. So, the starting point for viability assessment for a planning application should be the viability work on a Local Plan and then build if necessary from there.

Question 15

How can government ensure that infrastructure providers, including housing associations, are engaged throughout the process, including in circumstances where a viability assessment may be required.

The Government can and should provide clear guidance encouraging developers and LPA's to engage with infrastructure providers in both plan making and application processes, particularly where viability is an issue.

IMPROVED TRANSPARENCY

Question 16

What factors should we take into account in updating guidance to encourage viability assessments to be simpler, quicker and more transparent, for example through a standardised report or summary format?

Viability assessments are complex and not easily understood by the public and indeed by planning officers and councillors. They are often hiding figures and it is a game of smoke and mirrors to try and increase profits, with LPA's then having to employ their own viability consultants. The outcome is not transparent and often not clear to anyone other than the viability "experts" themselves. There needs to be clear guidance and definitions from a recognised and fixed starting point, with then a standard framework for calculating viability which can easily be understood by the lay person.

Question 17

- a) Do you agree that LPA's should set out in plans how they will monitor and report on planning agreements to help ensure that communities can easily understand what infrastructure and affordable housing has been secured and delivered through developer contributions?**
- b) What factors should we take into account in preparing guidance on a standard approach to monitoring and reporting planning obligations?**
- c) How can LPA's and applicants work together to better publicise infrastructure and affordable housing secured through new development once development has commenced, or at other stages of the process?**

- a) Yes. Medway are a leading example of how this can be done in a clear and transparent way.
- b) Happy for representatives of DCLG to visit and view practice in Medway.
- c) Developers should be encouraged to undertake public engagement on their proposals and set out how their proposals help to meet the developer contribution requirements set out in Local Plans and SPD's. They should also be encouraged to present to Council members pre app. The LPA should have clear committee or delegated reports that set out developer requirements from the Local Plan or S106 SPD and how they are being met by the developer.

PLANNING FEES

Question 18

- a) **Do you agree that a further 20% fee increase should be applied to those LPA's who are delivering the homes their communities need? What should be the criteria to measure this?**
- b) **Do you think there are more appropriate circumstances when a LPA should be able to charge the further 20%? If so, do you have views on how these circumstances could work in practice?**
- c) **Should any additional fee increase be applied nationally once all LPA's meet the required criteria, or only to the individual authorities who meet them?**
- d) **Are there any other issues we should consider in developing a framework for this additional fee increase.**

- a) Yes, but some Authorities have very limited housing needs and can easily achieve their targets with the resources they either currently have or with the additional resources delivered from the first 20% fee increase. So, an extra 20% increase may not actually deliver significantly more housing, which is the objective of the fee increase. We question what definition will be used – the local housing need level calculated from the proposed standard method, or a plan target, that may be lower, in recognition of constraints.

The rates of housebuilding are largely driven by the private development sector, and LPAs are limited in their abilities to manage the housing market locally. The proposed approach to increased fees does not fairly assess the efforts and attitudes of councils to boost housing supply for their communities. The proposal could disadvantage LPAs that are seeking to provide more housing, which could benefit from additional resources that would be invested in promoting and planning for growth.

LPA's should be judged on their starting base in a set year or taking into consideration delivery over a 5 year period before the start date.

Consideration should then be given to what steps the LPA have taken using the initial 20% increase in order to improve/increase delivery. This could include:

- Appointment of relevant staff to not only deliver housing numbers, but quality developments in terms of place making.
- Steps taken to reduce unimplemented planning permission numbers.
- Evidence of partnership working with the development industry, through implementing the commitments within a Planning protocol for growth; Planning Performance Agreements; regular meetings with

developers; encouragement and growth in the market of SME's; and introduction of alternative housing delivery models such as modular house building.

- Increase in housing delivery numbers over the starting base as a %.
 - LPA should set out a clear plan for how it will spend the additional 20% to deliver on housing need and this may not be through additional resources in planning, but maybe part of a regeneration delivery team or part of the Council's new construction team.
- b), c), and d) see above.

OTHER ISSUES

Question 19

Having regard to the measures we have already identified in the housing white paper, are there any actions that could increase build out rates?

The measures identified in the Housing White Paper assist, but the Government must not lose sight that while we have a housing crisis, this is not just about house building. It is about place making, building communities and the provision of supporting physical and social infrastructure to serve these new and expanded communities. In the South East, there is a strong reaction by the public against planning and developers (and in that respect against the Government), due primarily to the impact of new housing on infrastructure and services. This includes roads, but also doctors (and surgeries), hospitals and schools, as well as utilities. The Government needs also to tackle these issues if the public is to engage properly and positively in the planning process and the delivery of housing. It is disappointing that the current consultation has not been able to provide more information on the wider range of complementary measures set out in the Housing White Paper that would provide a comprehensive approach to boosting the supply of housing and open up access to housing. The introduction of additional measures for local planning authorities in the absence of the further controls and incentives for housebuilders weakens the ability to achieve the ambitions set to address the country's housing crisis.

Other Comments

Paragraph 129 of the consultation document refers to prematurity and the need to plan properly through Local Plans rather than by speculative applications taken through the appeal process. Medway supports this sentiment, as significant speculative single use (i.e. just housing) proposals on green field sites are being allowed on appeal and these can and do significantly and detrimentally impact on the progress and route of direction of a Local Plan, which is being delivered through a proper assessment of evidence base and public consultation, in line with a vision

and strategic objectives set by local people. Such applications being allowed on appeal, will not only impact on the proper planning of an area through the Local Plan process and encourage the submission of other similar speculative and harmful applications, BUT it will also cause the public to question the manner in which the Government plans and whether it actually cares about localism and communities.