

READING BOROUGH COUNCIL

REPORT BY DIRECTOR OF ENVIRONMENT

TO:	PLANNING APPLICATIONS COMMITTEE		
DATE:	5 <sup>th</sup> SEPTEMBER 2018	AGENDA ITEM:	8
TITLE:	REVISED NATIONAL PLANNING POLICY FRAMEWORK		
LEAD COUNCILLOR:	COUNCILLOR PAGE	PORTFOLIO:	STRATEGIC ENVIRONMENT, PLANNING AND TRANSPORT
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1. PURPOSE AND SUMMARY OF REPORT

- 1.1 A draft Revised National Planning Policy Framework (NPPF) was published on 9<sup>th</sup> March 2018. A report on the published draft revisions to the original NPPF (2012) was presented to Planning Applications Committee in April 2018 (a copy of the report can be viewed at <http://www.reading.gov.uk/media/8743/item09-RevisedNPPF/pdf/item09-RevisedNPPF.pdf>). Committee resolved to submit a number of representations on the Draft Revised NPPF as outlined in the report. The new Revised National Planning Policy Framework (NPPF) was published in July 2018.
- 1.2 A number of other related documents were published at the same time as the draft Revised NPPF. A number of them have also now been published in their final form. A Housing delivery test measurement rule book has been published along with various updated planning practice guidance including new guidance on viability and housing and economic development needs assessments.
- 1.3 This report briefly outlines the main changes made to the draft Revised NPPF and the other related documents as a result of the consultation undertaken by the Ministry of Housing, Communities and Local Government (MHCLG). It details changes against the areas on which the council made representations as part of the consultation on the draft Revised NPPF. The report asks Committee to note the NPPF and the other related documents.

2. RECOMMENDED ACTION

- 2.1 That the Committee notes the publication of the Revised NPPF and related documents published by MHCLG in July 2018.

3. BACKGROUND AND ISSUES

- 3.1 The Revised National Planning Policy Framework (NPPF) was published by the Ministry of Housing, Communities and Local Government (MHCLG) on 24<sup>th</sup> July 2018, along with a number of related documents set out in paragraph 1.2 above. The revised framework tightens definitions on the presumption in favour of sustainable development, increases

the emphasis on high-quality design and place-making, recognises the role of planning in creating healthy and safe communities and introduces a new Housing Delivery Test.

3.2 Notwithstanding the huge amount of responses received (almost 30,000), changes made to the final version of the revised NPPF focus on clarifications and re-wording, with very few more significant amendments. The rewording of the presumption in favour of sustainable development (paragraph 11) remains. Housing need will be based on the standard methodology that the government has previously consulted on with the final detailed methodology and resulting target need for each authority to be published in the autumn.

3.3 The new NPPG on **viability** largely stays with the new approach as set out in the original consultation based on the front-loading of viability assessment at plan-making stage, reducing the need for separate site specific assessments as part of individual planning applications. It confirms that viability assessments should be publicly available. The standard methodology for calculating costs and values remains as does the guidance that EUV+ should be used the main basis for calculating the benchmark land value. It specifically states that,

*“It is the responsibility of site promoters to engage in plan making, take into account any costs including their own profit expectations and risks, and ensure that proposals for development are policy compliant. The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan.”*

Later it states:

*“Under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.”*

And

*“Where viability assessment is used to inform decision making under no circumstances will the price paid for land be a relevant justification for failing to accord with relevant policies in the plan.”*

Hopefully, this should now mean that benchmark land values in viability assessments take account of the policy compliant position, particularly in relation to the provision of affordable housing, and are no longer based on similar previous transactions in an area, regardless of policy compliance. This should mean that higher levels of affordable housing are achieved under Section 106 agreements than has been the case in the recent past.

3.4 At the time of the draft Revised NPPF, the Secretary of State stated the one of the biggest shifts" in the new approach is, "a change in culture, towards outcomes achieved - the number of homes delivered- rather than on processes like planning permissions". Despite considerable representations that local authorities are being given responsibility for delivery of housing by developers, the Revised NPPF introduces the new **Housing Delivery Test**. This test is focused on driving up the numbers of homes delivered in local authority areas, as an addition to the existing 5 year housing land test. It will measure net additional dwellings provided in a local authority area against the homes required, using national statistics and local authority data. The Secretary of State will publish Housing Delivery Test results every November. Sanctions will apply to those local authorities where delivery is seen to fall short over a 3 year period. As noted, the government has published a separate document which sets out a detailed rulebook for measurements against the delivery test. Measuring against the new test and monitoring delivery by developers will have significant additional resource implications for local authorities.

From 2020, if an authority's delivery rate falls below 75 per cent of its housing requirement, a presumption in favour of sustainable development kicks in and planning applications will then be judged against the NPPF rather than the local plan. This could

have significant impacts for some authorities who struggle with delivery for various reasons and for all authorities if economic growth stalls, detrimentally affecting the housing market and thus housing delivery. Based on current levels of delivery, Lichfields UK has estimated that over one third of local planning authorities could fall to be sanctioned in 2020 and following under the test with the South East of England being one of the more affected regions. At the moment delivery of housing in Reading Borough exceeds the housing requirement for the Borough.

#### 4.0 COMMENTARY

- 4.1 In its response to the consultation on the draft Revised NPPF, this council submitted responses to many of the 40 consultation questions on which the government was seeking responses. The main matters on which this council commented were as follows:
- The vague and narrow definition of sustainable development;
  - the widening of the definition of affordable housing to include intermediate and sale housing products;
  - the incorporation of the Ministerial Statement of 14<sup>th</sup> November 2014 excluding small sites of 10 dwellings or less from requirements to make affordable housing contributions;
  - elements of the new guidance on viability assessments in particular how EUV plus is defined and the presumption that developer profit levels should be 20%;
  - the proposal that a set proportion (20% was suggested) of housing should be on small sites being unrealistic;
  - aspects of the new standard methodology for determining housing need;
  - the new Housing Delivery Test, in particular the 3 year measurement periods;
  - guidance encouraging a flexible approach to applying policies or guidance relating to daylight and sunlight

As indicated, there are relatively few changes to the final Revised NPPF compared with the draft document.

- 4.2 The definition of affordable housing remains as for the draft except that it now also refers to social rent which for some reason was omitted in the original draft. It therefore continues to include starter homes, discounted market sales housing and other affordable routes to home ownership as affordable housing, potentially diluting this Council's priority for rental accommodation to meet the priority needs for housing in the area. The Council will need to re-evaluate its housing need in the light of this widened definition of affordable housing.
- 4.3 The reference that provision of affordable housing should not be sought for residential developments that are not major developments remains, continuing the policy of excluding small sites from requirements to make affordable housing contributions that was imposed by the Written Ministerial Statement made in November 2014. While this provision is now formally included in the Revised NPPF, this council will continue to implement its adopted policy arguing that the exceptional circumstances around the need for affordable housing in the Borough remains. The Council's position has now been supported in 24 separate planning appeals. Officers are of the view that the fact that the former Ministerial Statement is now incorporated within the Revised NPPF does not change its weight relative to the exceptional circumstances that have been clearly demonstrated in the numerous appeal decisions.
- 4.4 There has been a response to the Council's concerns about the presumption that developer profit levels should be 20%. The Revised NPPF now indicates that, "an assumption of 15-20% of gross development value (GDV) may be considered a suitable return to developers in order to establish the viability of plan policies." It continues to indicate that "a lower figure may be more appropriate in consideration of delivery of affordable housing." The government has indicated that an executive summary template for viability assessments is

to be published in autumn 2018 and that this should be used to provide appropriate publicly available information on viability.

The government has also indicated that local authorities should publish annual monitoring statements of developer contributions on infrastructure funding. It will be publishing a template for such reporting in the autumn 2018.

- 4.5 There has been no change to the draft guidance on ensuring that at least 20% of housing is provided on small sites of a half hectare or less. The new standard methodology for determining housing need will be introduced during autumn 2018. As indicated at paragraph 3.4 above, the new Housing Delivery Test is also to be introduced during autumn 2018.
- 4.6 In summary, the Revised NPPF consolidates various measures that have in circulation for some time. It continues to emphasize the use of brownfield land and densification within urban areas. It proposes various refinements to the system, with promises to speed things up and clarify processes. A number of the plan making provisions are welcome. There is welcome additional advice on achieving higher design quality and the need for applicants to undertake pre-application discussions. The new guidance on viability will provide more certainty through the emphasis on this being determined as part of the development of planning policy. It should also provide more clarity on judging what is or is not viable. It provides helpful clarity and definitions, particularly in the area of defining an appropriate land value, in calculations that will, hopefully, enable realistic levels of affordable housing to be provided by developers compared with levels that have been achieved in the recent past where viability has been an issue.
- 4.7 As indicated, the widening of the definition of affordable housing is disappointing and could impact on the provision of affordable rental accommodation for which there is a significant need in Reading. The new Housing Delivery Test also has resource implications to provide additional annual information and associated work in seeking to speed up the delivery of housing.

## 5. CONTRIBUTION TO STRATEGIC AIMS

- 5.1 The Planning Service contributes to the Council's strategic aims in terms of:
- Seeking to meet the 2018 Corporate Plan objectives for "Keeping the town clean, safe, green and active."
  - Seeking to meet the 2018 Corporate Plan objectives for "Providing homes for those in most need."
  - Seeking to meet the 2018 Corporate Plan objectives for "Providing infrastructure to support the economy."

## 6. COMMUNITY ENGAGEMENT AND INFORMATION

- 6.1 Only minor reference is made to these matters in the changes proposed.

## 7 EQUALITY IMPACT ASSESSMENT

- 7.1 Where appropriate the Council must have regard to its duties under the Equality Act 2010, Section 149, to have due regard to the need to—
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.2 There are no direct implications arising from the proposals.

## 8. LEGAL IMPLICATIONS

8.1 These are dealt with in the Report.

## 9. FINANCIAL IMPLICATIONS

9.1 There are no direct financial implications resulting from this report.

## 10. BACKGROUND PAPERS

The Revised NPPF can be found at:

<https://www.gov.uk/government/publications/national-planning-policy-framework--2>

Housing Delivery Test measurement rule book

<https://www.gov.uk/government/publications/housing-delivery-test-measurement-rule-book>

The new NPPG guidance on viability can be found at:

<https://www.gov.uk/guidance/viability>