

BOROUGH OF KETTERING

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Report Originator	Head of Development Services	Fwd Plan Ref No: -	
Wards Affected	All	27 January 2016	
Title	CONSULTATION ON PROPOSED CHANGES TO NATIONAL PLANNING POLICY		

1. PURPOSE OF REPORT

To inform Members of the proposed changes to the National Planning Policy Framework and agree a response to the consultation on behalf of Kettering Borough Council.

2. INFORMATION

- 2.1 The National Planning Policy Framework (NPPF), published in March 2012, sets out the Government's planning policies for England, and how they should be applied in regard of plan making and development management functions. The NPPF reinforces the central role of local and neighbourhood plans in the planning system with the purpose of helping to achieve sustainable development.
- 2.2 Government is currently seeking views on some specific changes to national planning policies in order to reflect the Government's stated intentions for reform to the planning system; as set out in the 2015 Spending Review and Autumn Statement and a number of corresponding statements – see under Background Papers. New draft legislation in the form of the Housing and Planning Bill is also currently working its way through Parliament. The reforms are intended to boost the delivery of new homes and economic growth. Government has committed to the delivery of 200,000 starter homes in England by 2020.
- 2.3 The proposals in this consultation document (see Appendix 1) cover the following areas:
- Broadening the definition of affordable housing, to expand the range of low cost housing opportunities (paragraphs 6-12).
 - Increasing the density of development around commuter hubs, to make more efficient use of land in suitable locations (paragraphs 13-18).
 - Supporting sustainable new settlements, development on brownfield land and small sites, and delivery of housing agreed in local plans (paragraphs 19-33).
 - Supporting delivery of starter homes (paragraphs 34-54).
 - Some transitional arrangements for the changes set out in this consultation document (paragraphs 55-58).
- 2.4 Details of these proposals are set out in Section 3 below. The consultation document sets out twenty three questions to help guide responses. These,

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together with Kettering Borough Council's proposed response are also set out below. The draft responses have been prepared in liaison with housing officers of the Council.

3. **PROPOSED CHANGES TO THE NPPF**

Affordable housing

- 3.1 National planning policy requires local planning authorities to plan proactively to meet all housing needs in the area, including market and affordable housing. The current definition of affordable housing is to be amended to encompass a wider range of products that can support people to access home ownership. Starter homes for low cost home ownership are to be brought into this definition. The requirements for all affordable housing to be provided 'in perpetuity' and for subsidy to be recycled are also to be removed except in exceptional circumstances.
- 3.2 The draft Housing and Planning Bill, is introducing a statutory duty on local authorities to promote the delivery of starter homes, and a requirement for a proportion of starter homes to be delivered on all suitable reasonably sized housing developments. Starter homes are intended for low cost home ownership for first time buyers under the age of 40 at the time of purchase, sold at a minimum of 20% discount to the market price, and with the price after the discount being no more than £250,000 (outside London). After 5 years there are no restrictions on resale of the property at open market value with no recycling of the discount.
- 3.3 **Questions**
- 1) *Do you have any comments or suggestions about the proposal to amend the definition of affordable housing in national planning policy to include a wider range of low cost homes?*
 - 2) *Do you have any views on the implications of the proposed change to the definition of affordable housing on people with protected characteristics as defined in the Equalities Act 2010? What evidence do you have on this matter?*
- 3.4 **KBC response** - The Government's aim to boost home ownership is supported. There are concerns over the emphasis on the overall number of starter homes and reclassification of affordable housing. Starter homes provision should focus on bringing additional land into the planning system and their inclusion along with other intermediate type products could be at the expense of more needed tenures i.e. rent.
- 3.5 The removal of the requirement for a perpetuity clause or the subsidy to be recycled for alternative affordable housing provision will see a further reduction in affordable housing. Further consideration should be given to ways in which this

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discount could be recycled to assist in providing local benefit in the longer term, rather than on just first purchase.

- 3.6 The Localism Act 2012 aims to give more power to localities and play a part in helping to create balanced communities. The starter homes proposals could reduce the ability of local areas to plan for this. Having a centrally defined target for starter homes conflicts with the current NPPF, which says authorities should use evidence to ensure that their local plan meets the full, objectively assessed needs for market and affordable housing. This includes different groups in the community such as families, older people, and people with disabilities. This could require a review of existing evidence base and Strategic Housing Market Assessment (SHMA) potentially.
- 3.7 New affordable housing both in rent and intermediate provision within the Borough has reduced over the years. New affordable and social rented provision has also been reducing due to viability issues on s106 schemes, reduced grant funding and Housing Association capacity as a result of the 1% rent reduction. If the driver behind this initiative is to increase home ownership this could fail in its intention. Assuming starter homes would cost up to £250,000 to purchase, a household would require an income of almost £71,500 pa (based on an income multiplier of 3.5) to afford this. The average household income in Kettering Borough is £36,429 (source: CACI 2015).
- 3.8 Looking at current new builds in the Kettering Borough there are no new build houses that would be at this level. Households would require a significantly higher than average income to afford starter homes. They could potentially buy re-sale properties with their income thus arguing whether the subsidising of new build for sale is a good use of public money if it's helping those who could already buy elsewhere.
- 3.9 In specifying an age limit to purchase these starter homes this could preclude those in genuine need aged 40 plus years. Also, earning potential in younger people can be lower therefore potentially excluding those with housing need who do not earn the required income to obtain a mortgage.
- 3.10 The following local considerations also apply concerning certain protected groups in the context of Kettering Borough:
- Applications from homeless people have been increasing in Kettering – between April and December 2015 there were 158 applicants, compared to 91 in the same period during 2014.
 - The waiting list for housing has also increased by 25% between December 2014 and December 2015.
 - There is a mismatch between affordable housing supply and demand in terms of house sizes, with a significant need for smaller properties which the supply does not cater for.

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- There are increasingly complex needs of housing applicants, requiring rented provision that is adapted in some way. With the new rented provision reducing there is a concern over securing more specialist accommodation on developments.

3.11 The requirement on local authorities to promote the provision of starter homes, should be implemented in such a way that authorities are able to take a view about the type of affordable housing to be provided, appropriate for a particular site in accordance with local needs. This may require new detailed surveys taking into account affordability of the various tenures available locally. It is uncertain from this consultation as to what weight will be given to local needs.

3.12 Local authorities should be able to apply some local connection criteria to starter homes as opposed to it being 'exceptional' – otherwise there is a danger of not providing affordable housing for existing local communities and those that need it.

3.13 It is unclear as to what the definition of 'reasonably sized sites' will be and whether this is to be determined at a local level.

Increasing residential density around commuter hubs

3.14 It is proposed to amend current national policy which allows local planning authorities to set appropriate density levels for new housing development to reflect their local circumstances. The changes would mean that local planning authorities would require higher density development around commuter hubs wherever feasible. These hubs are defined as a public transport interchange (rail, tube, or tram) or a place that has, or could have in the future, a frequent bus service with at least a 15 minute frequency during normal commuting hours. A national minimum density requirement is not envisaged as Government consider it more appropriate for density ranges to be decided locally.

3.15 Questions

- 3) *Do you agree with the Government's definition of commuter hub? If not, what changes do you consider are required?*
- 4) *Do you have any further suggestions for proposals to support higher density development around commuter hubs through the planning system?*
- 5) *Do you agree that the Government should not introduce a minimum level of residential densities in national policy for areas around commuter hubs? If not, why not?*

3.16 **KBC response** - These views are generally supported. Transport hubs can provide suitable locations for higher density development and it is sensible to encourage new development in well-connected areas with sufficient capacity for

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growth. It is important to recognise that this approach won't apply to all areas. The nature of Kettering Borough with a mix of urban and rural areas does mean there are few parts which fall within the commuter hub definition. For example, the town of Kettering is the largest of four towns and the only one with a population above 25,000 or a rail station. All towns do have a commercial centre and some new urban sustainable extensions are proposed or underway in a number of locations. However, new developments are planned to come forward in other locations and in order to meet housing targets.

- 3.17 New developments do place additional pressures on existing transport capacity. It is necessary to provide for new infrastructure to support areas of intensification so as to ensure there are not negative impacts, such as more travelling by private transport.
- 3.18 It is agreed that setting a minimum density would be too prescriptive and would not take into account local character and to ensure high quality development. It could also put at risk other town centre functions/ services and is important that these areas are not solely planned for housing.

New settlements

- 3.19 Policy is set to be strengthened to provide a more supportive approach for new settlements, within local led plans. This would require a proactive approach with developers where they can meet the sustainable development objectives of national policy.
- 3.20 **Question**
6) Do you consider that national planning policy should provide greater policy support for new settlements in meeting development needs? If not, why not?
- 3.21 **KBC response** - In principle, the provision of a more supportive national policy to new settlements is welcomed. Kettering Borough Council and its partner authorities have already identified new settlements both in previous adopted local plans (at Mawsley) and in the emerging Joint Core Strategy (at Deenethorpe) which is currently subject to Public Examination. These types of sites can offer an option for sustainable development. However, in the case of developing large sites they can suffer from long lead in times and ensuring the necessary supporting infrastructure for these new communities is installed. This approach may not help in terms of meeting short term housing needs.
- 3.22 It is prudent to identify the need for new settlements in local plans which can ensure sites are worked up in a co-ordinated manner to take account of these lead-in times and/or possible delays by developers to bring forward the sites and keep to agreed timescales. This will also ensure that a portfolio of deliverable housing sites through a range of size and type which can provide for the potential housing supply required.

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Supporting housing development on brownfield sites and on small sites

- 3.23 In order to ensure as much as possible brownfield land can be used in driving up housing supply, a target of 90% of suitable land to have planning permission by 2020 is to be set. The consultation indicates that proposals on brownfield sites are to benefit from a presumption in favour for housing development. This would be provided that they are not of high environmental value and there are no other overriding conflicts with local and national planning policies. Local councils can set locally appropriate targets for using brownfield land. The Housing and Planning Bill sets out an intention for local planning authorities to publish and maintain registers of brownfield sites suitable for housing. These will be used as a vehicle for granting planning permission in principle for new homes on suitable brownfield sites.
- 3.24 The Government considers that sites of less than 10 units play an important role in helping to meet local housing need, and the majority of these sites are on brownfield land. Building these types of new homes, whether on urban or rural sites, can deliver a range of economic and social benefits – providing opportunities for small and medium-sized companies to enter the development market; increasing build out rates in local areas; creating local jobs and sustaining local growth and making more effective use of developable land.
- 3.25 Small housing development on land immediately adjacent to settlement boundaries will be supported provided they are sustainable.
- 3.26 **Questions**
- 7) *Do you consider that it would be beneficial to strengthen policy on development of brownfield land for housing? If not, why not and are there any unintended impacts that we should take into account?*
- 8) *Do you consider that it would be beneficial to strengthen policy on development of small sites for housing? If not, why not? How could the change impact on the calculation of the local planning authorities' five-year land supply?*
- 9) *Do you agree with the Government proposal to define a small site as a site of less than 10 units? If not, what other definition do you consider is appropriate, and why?*
- 10) *Do you consider that national planning policy should set out that local planning authorities should put in place a specific positive local policy for assessing applications for development on small sites not allocated in the Local Plan?*
- 3.27 **KBC response** - There is support in principle on the priority to develop brownfield sites. To ensure proper planning these sites should be supported by infrastructure with good access by public transport and to a range of places of

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employment. Some brownfield sites are poorly located and their development would generate high volumes of car traffic and commuting.

- 3.28 Within Kettering Borough, there is not necessarily an exhaustive number of brownfield sites to provide for a significant number of new dwellings. The majority of these sites would not contribute to a substantial further supply of housing adding to meeting a 5 year housing supply. An initial assessment of this potential supply demonstrates that they all are less than 1 hectare in size and are already identified as suitable for housing. This does demonstrate that Kettering Borough is potentially already able to meet the proposed target of 90%.
- 3.29 Local plans should, therefore, include criteria based policies to help identify suitable windfall sites. It will be particularly important in addressing the relationship to the scale and function of the settlement in which they are related to. Also, for assessing the impacts of the development and dealing with the impacts of proposed development and mitigating against these in the form of planning obligations etc.
- 3.30 It is not considered necessary to put in place a specific positive policy as other material considerations as well as local plan policy will be used to judge the merits of windfall applications.

Ensuring housing delivery on allocated sites

- 3.31 The consultation sets out details of the introduction of a delivery test previously announced in the Autumn Statement 2015. This test will apply where there is a significant shortfall between the number of homes provided for in Local Plans and those actually being built. Views are sought on what this should comprise.
- 3.32 One suggestion put forward is the identification of additional sustainable development sites through a range of sources. This could include new settlements, which local planning authorities may need to consider whether a partial or full review of their plans is required. Alternatively, such sites may be delivered through preparing area action plans. This type of approach would present an opportunity for authorities to work together with developers and their local communities to undertake rapid and targeted policy reviews so that additional land in sustainable locations can come forward.

3.33 Questions

11) We would welcome your views on how best to implement the housing delivery test, and in particular:

- What do you consider should be the baseline against which to monitor delivery of new housing?*
- What should constitute significant under-delivery, and over what time period?*
- What steps do you think should be taken in response to significant under-delivery?*

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- *How do you see this approach working when the housing policies in the Local Plan are not up-to-date?*

12) What would be the impact of a housing delivery test on development activity?

- 3.34 **KBC response** - There may be differing reasons across the country for under-delivery. It is agreed that local authorities should be able to respond to address any shortfalls. Instead of addressing the current difficulties in bringing forward the right sites for the right homes, the proposals could release yet more land for development which may not be appropriate in sustainable terms.
- 3.35 There are already measures available to local planning authorities to address under delivery and to ensure choice and competition in the market for land. For instance by identifying a suitable buffer of between 5% and 20% in calculating the status of the 5 year supply of housing sites. The proposals imply that there will be the need for a more frequent review of every two years on a rolling programme which over complicate the system.
- 3.36 The identification of reserve sites already takes place in plan-making, but this could become a more regular practice in identifying sites for future supply. It could also result in other documents such as area action plans being needed to be prepared in order to bring forward sites in a timely manner.
- 3.37 The Government should look to provide assistance to developers to bring forward sites which are being delayed for various reasons and contributing to the problems of housing completions. Another significant issue is the need to provide adequate resources for local planning authorities to progress with plan-making and planning performance to bring forward housing sites.

Supporting starter homes on underused commercial and employment land

- 3.38 The proposals are to release unviable or underused employment sites for starter homes development. This would include retail, leisure and institutional sites. The NPPF would be amended to make clear that these types of land should be released unless there is significant and compelling evidence to justify its retention. Views are sought on the level and type of evidence which would be required. The suggestion is to adopt a local policy with a clear limit of time (up to 3 years) if a site is unused and there is not significant and compelling evidence of market interest of it coming forward within a 2 year timeframe.
- 3.39 **Questions**
- 13) What evidence would you suggest could be used to justify retention of land for commercial or similar use? Should there be a fixed time limit on land retention for commercial use?*
- 14) Do you consider that the starter homes exception site policy should be extended to unviable or underused retail, leisure and non-residential institutional brownfield land?*

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15) Do you support the proposal to strengthen the starter homes exception policy? If not, why not?

3.40 KBC response - It is important to include appropriate policy tests to ensure that proposals for housing do not mean an unnecessary loss of employment sites. In order to ensure balanced and sustainable communities, employment sites are vitally important to meet job growth targets and plan for the needs of existing employers and new employers. Likewise employment land in rural areas should afford protection. Some employment land may not be in suitable locations for housing particularly if these are to take place on parts of larger sites with neighbouring employment uses close by which are not complimentary to one another.

3.41 Many local plan policies already include these policy tests. The changes to the NPPF should not replace what efforts are being made at a local level to ensure the right balance of protection against the reasonableness of employment sites being replaced by housing. Land for employment in mixed use sites is also an important element of their success and some of these types of developments come forward as brownfield sites. The same protection should be afforded to new employment sites which can sometimes come forward later in a scheme than the first parcels of residential land.

Encouraging starter homes in mixed use commercial development

3.42 The proposal is to allow unlet units in commercial developments to be converted into starter homes.

3.43 Question

16) Should starter homes form a significant element of any housing component within mixed use developments and converted unlet commercial units?

3.44 KBC response - It is recognised that within new town centre developments and existing town centre regeneration residential development should be encouraged as part of mixed use schemes. It is not clear how this change specifically aimed with starter homes in mind could affect the vitality and viability of town or village centres to maintain services and facilities. Again, the NPPF should recognise the role of local plans and appropriate policy tests to safeguard the future of town centres.

Encouraging starter homes in rural areas

3.45 New starter homes are to be provided on rural exception sites. These homes would be subject to the same 5 year resale time restriction. This is in recognition of the use of rural exception sites as an established means of supporting sensitive housing growth where it is locally supported and meeting local needs.

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3.46 Questions

17) *Should rural exception sites be used to deliver starter homes in rural areas? If so, should local planning authorities have the flexibility to require local connection tests?*

18) *Are there any other policy approaches to delivering starter homes in rural areas that you would support?*

3.47 **KBC response** - The suggestion that local authorities would, exceptionally, have the flexibility to require a local connection test is welcomed. This, however, should be applied in general rather than exceptional terms. It is disappointing that a requirement for the perpetuity of new starter homes is not included within rural areas where there are often particular issues with housing in terms of affordability and choice. Further clarification on how this will be applied as part of the starter homes scheme will need to be given.

3.48 Furthermore, village settlements can sometimes be constrained in terms of their ability to grow therefore there will be limited opportunities for rural exception sites. Earlier comments regarding the need to consider the wider affordable housing need is also relevant as rural exception sites should not just apply to starter homes.

Starter homes and brownfield sites in the Green Belt

3.49 These sections of the consultation document concern areas within Green Belt. No comments are, therefore, required on questions 19 and 20.

Transitional arrangements

3.50 Government has considered the need to introduce transitional arrangements for the changes set out in the document. In particular, the change in the definition of affordable housing will require local authorities to consider their local plan policies in the context of relevant evidence. Given that there is a fast track mechanism available to local authorities to carry out partial reviews of their local plans and the Housing and Planning Bill introduces a statutory duty on local authorities to promote the delivery of starter homes, a transitional arrangement of six to twelve months is envisaged. There is not a strong justification for transitional arrangements for any of the other proposed policy changes.

3.51 Questions

21) *We would welcome your views on our proposed transitional arrangements.*

22) *What are your views on the assumptions and data sources set out in this document to estimate the impact of the proposed changes? Is there any other evidence which you think we need to consider?*

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23) Have you any other views on the implications of our proposed changes to national planning policy on people with protected characteristics as defined in the Equalities Act 2010? What evidence do you have on this matter?

3.52 **KBC response** - As stated in the document, the change in the definition of affordable housing in national policy will require local authorities to reflect on their local plan policies in the context of relevant evidence. Local authorities will need to assimilate these other changes of the NPPF into their local plans, at whatever stage they are at in preparing these documents. Further transitional arrangements to these NPPF changes appear to be warranted. The NPPF changes will have to be reflected in updated planning practice guidance.

3.53 Kettering Borough Council is investing significantly in building a strong set of planning policies to deliver development appropriate for the area. The North Northamptonshire Joint Core Strategy is at examination stage, there is some risk that the plan will require amending in order to be found 'sound'. The authority area also has a number of neighbourhood plans underway and there may be consequences for these emerging documents to take account of the proposed NPPF changes.

4. CONSULTATION AND CUSTOMER IMPACT

4.1 Kettering Borough Council is a consultee for the consultation on the proposed changes to national planning policies.

5. POLICY IMPLICATIONS

5.1 Once the amended NPPF is finalised, it will form national policy and guide the preparation of local policies and influence the determination of planning applications.

6. USE OF RESOURCES

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

7. RECOMMENDATION

It is recommended that Members note the contents of this report and that the comments summarised in paragraphs 3.1 - 3.53, together with any additional comments agreed by Members, form the response to the consultation of Kettering Borough.

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Background Papers:

- Consultation on proposed changes to nation planning policy and equalities statements (December 2015, DCLG)
- National Planning Policy Framework (March 2012, DCLG)
- Spending Review and Autumn Statement 2015 (November 2015, HM treasury)
- Towards a one nation economy: a 10 point plan for boosting rural productivity (August 2015, DEFRA and HM Treasury)
- Fixing the Foundations: Creating a more prosperous nation (July 2015, HM treasury))
- Housing and Planning Bill 2015-2016

Previous Reports/Minutes:

Title of Document: Draft National Planning Policy Framework
Date: 4th October 2011

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