

## **Planning for the Right Homes in the Right Places: Consultation Proposals**

### **Response of the Lancashire Enterprise Partnership and Preston, South Ribble and Lancashire City Deal Partners**

#### **Introduction**

The White Paper "Fixing Our Broken Housing Market" published on 7<sup>th</sup> February 2017 set out proposals to tackle the housing challenge the country faces. These focused on four main areas of action:

- Planning for the right homes in the right places
- Building homes faster
- Diversifying the market
- Helping people now.

The White Paper also stated that further consultation on specific issues would follow. This consultation published on 14<sup>th</sup> September 2017 sets out those specific issues and seeks views on changes to national policy including:

1. The proposed approach to a standard method for calculating local housing need.
2. Improving how authorities work together to meet housing and other requirements across boundaries through the preparation of a statement of common ground
3. How the new approach to calculating housing need can help authorities plan for the needs of particular groups and support neighbourhood planning.
4. Proposals for improving the use of S106 agreements, by making the use of viability assessments simpler, quicker and more transparent.

The Lancashire Enterprise Partnership (LEP) and City Deal partners welcome the opportunity to respond to the current consultation proposals. The response focuses on the strategic matters arising from the proposed approach to a standard method for calculating housing need and improving how local authorities work together to meet housing and other requirements across boundaries.

#### **The Proposed Approach to a Standard Method for Calculating Local Housing Need**

In the previous White Paper consultation, and in this one, it is argued that the current system for calculating local housing numbers is not sufficiently prescriptive and allows too much time for proposing, considering and challenging the methodology used before being able to establish a local housing number for an area. It is argued that the process leads to inconsistent policy interpretations across different local authority areas.

The proposed standard method sets out three steps for determining housing need:

- Starting with the average level of household growth (projected over a 10 year period by the latest official household projections) as a demographic baseline. This is to be regarded as the minimum local housing need figure.
- This would be multiplied by a calculation on affordability using the ratio of median house price to median income. In areas where this is more than four points, each one point rise would result in a 0.25% increase in household need.
- This would then be capped at 40% above the housing need assessment set in the local plan if it has been adopted in the past five years. It would be set at 40% above the local plan or 40% above the household projections if the plan is out of date.

### Figures for Lancashire

The table below shows the housing numbers for Lancashire resulting from the new proposed method compared to the most up to date current local assessment of need. It should be noted that some of the current assessment numbers are not the most up to date. However they still give a useful overview of the order of change under the new methodology.

District	Proposed Formula Dwellings per Annum 2010-2026	Current Local Assessment
Blackburn with Darwen	153	300-530
Burnley	70	117-215
Hyndburn	60	180-350
Pendle	165	250-340
Rosendale	212	265
Ribble Valley	172	280
Blackpool	93	250-400
Fylde	296	415
Wyre	313	400-479
Chorley	634	417
Preston	225	507
South Ribble	228	417
Lancaster	401	650-700
West Lancashire	212	335

**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?**

The LEP and City Deal partners do not agree with the proposed standard approach to assessing local housing need. It is agreed that a more standardised approach could assist in providing a more objective assessment however the current proposals contain a number of flaws.

The proposed new method leads to a significant fall in housing numbers for Lancashire as a whole and across all district and unitary authorities apart from Chorley. The reduction in housing numbers ranges from a 28% drop in Rossendale to an 83% drop in Hyndburn. Critically, significant reductions are indicated in growth areas and areas hosting key place based initiatives such as the Preston, South Ribble and Lancashire City Deal signed by local partners and Government in 2013. This raises significant concerns about delivering growth ambitions across the county and in particular maintaining and building on the place-based initiatives that are earning Lancashire recognition for achieving ambitious and strategic growth.

**Lancashire's Growth Agenda**

The LEP provides Lancashire's overarching economic framework through its agreed Strategic Economic Plan (SEP). Though subject to review, the current SEP has successfully provided a strategic framework to guide an ambitious growth programme for Lancashire focusing on an "Arc of Prosperity" running through the county. The Arc links key economic assets, high value business clusters, centres of research and training excellence and new housing growth opportunities. The SEP focuses on tackling major productivity challenges and capturing new growth opportunities with place based strategies at the heart of its approach. A refreshed SEP will seek to build on the success of this approach with Lancashire playing its full role in generating transformational growth outcomes of Northern Powerhouse significance whilst also delivering a local industrial strategy of national importance.

The LEP and partners are committed to providing the leadership needed to deliver the economic and housing growth that local communities in Lancashire require to prosper and thrive. The economic success of Lancashire both depends upon, and supports a new approach to housing growth. This includes enabling key growth areas to come forward, and bringing forward housing growth ambitions in areas that were previously characterised as failed housing markets.

The supply of new homes is a vital cornerstone of economic growth. It supports investment in strategic and local infrastructure including transport, schools, public realm, social and community facilities.

### City Deal

A City Deal for the Preston and South Ribble area was agreed with the LEP, Preston City Council, South Ribble Borough Council Lancashire County Council, and the Homes and Communities Agency (HCA) and was signed by Government in 2013. The City Deal is taking forward £434 million of new investment, expanding transport infrastructure, supporting the creation of some 20,000 new jobs and generating the development of 17,000 new homes over a 10 year period.

Overall, since the start of the Deal period, housing completions at the end of 2016/17 were ahead of forecast with 2,614 completions compared to a target of 2,058. The number of housing units submitted for planning permission totalled 12,503 exceeding targets and planning consents were also higher than forecast in the same period.

The initiative is proving to be highly successful in delivering Government's key aim of increasing housing numbers and ensuring growth is rebalanced between the south and north of the country.

Under the proposed new method Preston and South Ribble would experience a significant fall in housing numbers from 507 to 225 in the case of Preston and from 417 to 228 in South Ribble.

Our City Deal, and the financial model underpinning it, is reliant on the order of housing numbers currently assessed and set out. The prospect of lower housing numbers runs the risk of undermining the continuing commitment by all partners to ensure housing sites come forward.

There is also a danger that the value of the infrastructure investment will not be maximised and the continuation of the highly successful City Deal approach to secure further investment will not be realised.

### Key Ask

- 1. The LEP and City Deal Partners would wish to see a commitment to maintaining housing growth numbers in the City Deal area in line with existing and future growth ambitions.***

Other key growth areas within Lancashire would also have to manage potential reductions in housing numbers. For example, Lancaster is establishing a strategic place-focused approach to delivering new growth opportunities with the University, County Council, LEP, HCA and other partners to unlock the city's untapped potential and to deliver a range of new projects both commercial and residential. National Garden Village status has been recently secured at Bailrigg, with the south of the city expected to deliver at least 3,500 new homes. Under the new methodology this direction of

travel, commitment and momentum would then be set against a background of housing numbers being lowered from 700 to 401.

The LEP is concerned that the scale of housing numbers reduction in the east of the county will undermine the growth agenda for these areas particularly with reductions of 83% in Hyndburn, 71% in Blackburn with Darwen and 67% in Burnley. Ambitious housing targets are currently in place in these areas and are part of a strategic approach to bring a new housing offer to these areas which will support their overall growth. Under-performing housing areas in the east of the county appear to bolster the provision of affordable housing, but much of this offer is not attractive and cannot support the growth transformation required.

Housing growth also plays a critical role in bringing forward and making viable sites for economic and commercial development thereby creating new jobs and economic growth. The cross subsidy offered by residential development is important to the future delivery of new jobs across the country and particularly in parts of Lancashire where viability remains an issue. Lancashire's place-based approach to growth including the alignment of housing delivery is highly successful. Without an impetus to deliver further housing numbers of substance there is a very real risk of putting the brakes on overall growth.

There is a concern that major place-based growth and investment programmes such as City Deal and Growth Deal are at risk of being lost or significantly weakened.

### **Key Ask**

***2. The LEP and City Deal Partners would wish to see a commitment to housing numbers commensurate with the strategic growth targets of agreed place-based strategies and investment programmes secured to ensure planned delivery.***

### **Delivering Growth: Lancashire's Success and Future Ambitions**

Lancashire and the LEP have established a strong reputation and track record of delivering growth which is recognised by Government and public and private sector partners. This has been achieved through the delivery of significant and innovative initiatives including:

- the £434 million Preston, South Ribble and Lancashire City Deal which is recognised as one of the country's leading City Deals which is on track to deliver 20,000 new jobs and 17,000 new homes;
- the £320 million Growth Deal, the largest secured outside the core city regions, and which is on track to deliver up to 11,000 new jobs, 3,900 new homes and £1.2 billion in new private sector investment by 2021;
- the Lancashire Enterprise Zone cluster programme, based on three Zones (across four sites), is creating an investor offer of Northern Powerhouse significance capable of supporting 10,000 new jobs in the

- advanced engineering and manufacturing, energy and chemical sectors;
- the establishment of Transport for Lancashire has been fundamental to the development of a strategic transport programme to address major infrastructure constraints limiting economic and housing growth and also in supporting the strategic and economic ambitions of Transport for the North;
- Boost, Lancashire's high performing business growth hub, has worked with nearly 5,000 local SMEs and created almost 2,000 new jobs in three years;
- a major innovation programme anchored by Lancashire's three leading universities Lancaster, UCLan and Edge Hill, delivering new centres of excellence to exploit new growth opportunities and lift supply chain productivity levels in priority sectors;
- in collaboration with Sheffield City Region Lancashire has achieved Science and Innovation Audit (SIA) status with Government focussed on the Northern Powerhouse Advanced Manufacturing Growth Corridor;
- a major programme of renewal focused on Blackpool is helping to establish a stronger economic base whilst tackling the town's most acute social problems;
- Lancashire's Employment and Skills Board is one of only a few to have almost fully invested the LEP's £30 million Growth Deal Skills Capital Fund; and
- the LEP has fully recycled the £20million Growing Places Investment Fund in 8 commercial investments across Lancashire, including in some of the most deprived areas, helping to create almost 3,500 new jobs, 200 new housing units and almost 500,000 square feet of commercial floorspace, whilst generating £700,000 in interest for the LEP to re-invest.

These successes are interlinked and housing is a key element. Looking forward the LEP will be seeking to build on these approaches through a refreshed SEP linked to Government's modern Industrial Strategy and to scale up, accelerate and align with strategic cross-boundary opportunities. As one of the largest local economies in the North, Lancashire is looking to play its full role in delivering transformational growth outcomes of Northern Powerhouse significance.

In some areas of Lancashire it has been challenging for local planning authorities to adopt housing numbers in line with growth expectations. However, there is considerable evidence of local success in doing this. In order to maintain this approach it is important that Government sets a clear expectation that appropriate growth linked to housing continues to be a priority.

It is accepted that a more prescribed approach would be helpful in guiding and speeding-up local housing numbers calculations. Indeed the City Deal partners responded to the February 2017 consultation supporting the concept of a standardised approach. However this response emphasised the

importance of giving proper consideration to economic-led housing need. It is critical that any new methodology takes into account the key principles involved in promoting greater prosperity across the country as a whole. Not least, the need to support and promote growth and economic prosperity.

### **Over-Simplification of Proposed New Method**

This proposed methodology differs from the current Objectively Assessed Need (OAN) process in several important ways.

It does not take into account local authorities working together at Housing Market Area (HMA) level. Considering housing need at HMA level allows a more realistic account to be taken of migration and commuting patterns across local areas.

The proposed methodology simply uses a single demographic data set as a minimum housing number. It relies on past delivery and does not fully take into account forecasts for growth. It is based on short-term demographic trends which have a particularly detrimental effect on Lancashire districts that have experienced low levels of housing growth in recent years. The majority of current OAN methodologies take the household growth projections as a starting point only and then consider them alongside other demographic models to ensure a model appropriate to the local area is used. These demographic-led assumptions take into account factors such as population growth, age profiles, past changes, etc.

The proposed methodology makes an adjustment for affordability using the ratio of median house price to median income. Current OAN methodologies generally consider affordable housing need in the context of wider housing delivery. In some areas of Lancashire there are large areas of poor or unfit housing, which is technically affordable, but does not on its own provide an acceptable housing solution for individuals and families that are resident in some of the country's most deprived communities. This skews the methodology towards low housing need numbers.

The proposed methodology takes no account of economic-led housing needs and makes no adjustments for economic growth. Current OAN methodologies generally consider demographic projections against future job numbers to see if housing supply would be enough to support those future jobs. Assumptions are also usually made about planned growth scenarios.

### **Key Ask**

***3. It is considered that the proposed new method has been oversimplified and does not allow for crucial adjustments to local circumstances. A more balanced approach which allows for a wider but guided set of factors would provide more robust figures.***

## **Key Ask**

- 4. The need to properly account for and assess housing need in relation to economic growth, economic ambitions and planned growth initiatives needs to form a key part of the proposed new methodology. Clear guidelines on the approach to be taken and the factors to be included for this should be set out in the proposed methodology to ensure transparency and avoid protracted deliberations over the validity of differing approaches***

## **Question 4**

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

It is Government's expectation that local planning authorities will adopt the proposed method when assessing housing need. However paragraphs 44-47 set out circumstances in which a different approach may be taken.

Paragraph 46 states that plan makers may put forward proposals that lead to a local housing need above that given by the proposed approach. This could be as a result of a strategic infrastructure project, or through increased employment (and hence housing) ambition as a result of a "Local Economic Partnership" investment strategy, a bespoke housing deal with government or through delivering the modern Industrial Strategy. Government wants to make sure that proper support is given to those ambitious authorities who want to deliver more homes. To facilitate this it is proposed to amend planning guidance so that where a plan is based on an assessment of local housing need in excess of that which the standard method would provide, Planning Inspectors are advised to work on the assumption that the approach adopted is sound unless there are compelling reasons to indicate otherwise. Government will also look to use the Housing Infrastructure Fund to support local planning authorities to step up their plans for growth, releasing more land for housing and getting homes built at pace and scale.

At first glance the provisions for deviation would appear to answer a number of concerns raised by the LEP and City Deal partners. However, when examined in more depth, it is considered that there would be significant risk in adopting an approach whereby the housing numbers across key growth areas in Lancashire would be proposed on the basis of an exception and deviation from the expected methodology.

In the majority of the Lancashire authorities where growth initiatives, housing deals and investment strategies are priorities and are supported by current local assessments, the decrease in housing numbers as a result of the proposed new method would be significant. These reductions would be in the order of around 40% and in many cases more than 60% and as much as 83%. The scale of the deviation in housing numbers would be such that the ability to justify and evidence that difference would be challenging. The scale

of difference would also leave the process of proposing housing need figures open to challenge from those not supportive of housing growth. Indeed some local planning authorities in Lancashire are already seeing the proposed new methodology and resulting figures being used by those opposed to housing growth to challenge housing proposals.

### **Key Ask**

***5. In order for Lancashire's growth agenda and initiatives to proceed with certainty it is important that the economic growth elements referred to as grounds for deviation from the methodology are embedded into the methodology itself as economic factors. Economic growth should be a central part of the methodology not dealt with as an exception.***

### **Improving How Authorities Work Together to Meet Housing and Other Requirements Across Boundaries Through the Preparation of a Statement of Common Ground.**

The duty to co-operate, introduced through the Localism Act 2011 was designed to reflect the reality that strategic cross-boundary planning matters can only be effectively tackled when local planning authorities work together. The duty requires local planning authorities and certain public bodies to engage constructively, actively and on an ongoing basis to maximise the effectiveness of plan preparation in the context of strategic cross-boundary matters. Such matters include planning for housing need across a market area or developing integrated infrastructure.

Government has concluded that the duty to co-operate on its own is not working effectively.

It is therefore proposed that to support more effective joint working all local planning authorities should produce a statement of common ground for the housing market area or other agreed geographical area where justified and appropriate.

It is proposed that the statement will set out the cross-boundary matters, including housing need for the area, distribution and proposals for meeting any shortfalls. In setting out the strategic cross-boundary issues, the statement will record where agreement has, and has not been reached.

The statement of common ground provides a vehicle to set out where strategic cross-boundary infrastructure is required to unlock more land for housing. Where there are strategic cross-boundary infrastructure matters, local planning authorities will be expected to set out how they intend to resolve them and show that they have agreement with the relevant bodies. It is proposed therefore that the statement of common ground, once in place, should be submitted as supplementary evidence of effective co-operation between authorities when applying for strategic infrastructure investment.

**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?**

**Question 9**

**a) do you agree with the proposal to amend the tests 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?**

The LEP and City Deal partners support increased co-operative working to develop a more strategic approach to planning for growth. The established joint planning approach of the Central Lancashire authorities provides a firm foundation to support the development of City Deal and helps enable the successful implementation and delivery of the agreed programme.

The proposals represent a more robust approach than the existing duty to co-operate process alone. The articulation and commitment to agreements over the wider area will be key to this and it would be helpful if the proposals emphasised and expanded on this. Indeed a firmer commitment to planning strategically, including for local housing needs, across multiple and wider boundaries in line with strategic growth priorities, would assist in delivering both Government's housing growth priorities and the modern Industrial Strategy.

As set out previously the key concerns of the LEP and City Deal partners relate to the significant decrease in housing numbers in key growth areas across Lancashire under the proposed new approach to calculating housing need. If local planning authorities pursuing a growth agenda find it difficult to establish and defend the numbers they wish to under the new methodology, and have to accept lower figures, a central plank of and key impetus for strategic cross-boundary working will be removed or significantly weakened.

**Key Ask**

- 6. Further support for and clarification of strategic cross boundary planning would enable authorities pursuing a growth agenda to do so alongside neighbours adopting a lower housing growth figure in a way that still allows for areas such as Lancashire to continue to grow and prosper overall.***