

Title of meeting: Leader with responsibilities for Planning, Regeneration and Economic Development

Date of meeting: 28 February 2018

Subject: Response to Motion to Full Council 12b Economic Viability Assessments for developers 17th October 2017

Report by: Assistant Director of City Development

Wards affected: All

Key decision: No

Full Council Decision: No

1. Purpose of report

- 1.1 To respond to the Motion to Full Council relating to Economic Viability Assessments for Developers.

2. Recommendations

- 2.1 **The Leader with responsibilities for PRED to note this report and that a further report comes back to PRED once the Government has published its proposals for viability evidence in planning decisions.**

3. Background

- 3.1 At the Full Council meeting of the 17th October 2017 there was a notice of motion that stated

'This council recognises the need to provide quality homes which are affordable to those on low and middle incomes in Portsmouth, and for transparency in regard to planning applications to ensure that the council's own policies, on affordable housing requirements, as laid out in the Portsmouth Plan, are met.

It has become clear that there are companies who are openly boasting in their promotion, that they can help developers to avoid paying Section 106 monies and making appropriate levels of affordable housing provision.

These companies produce what are known as Economic Viability Assessments or EVAs, in order to demonstrate that developers are not making sufficient profits to enable councils to insist on full 106 or affordable housing contributions.

This issue has caused concern among councillors across the political spectrum in the city, along with notable contributions from both members of the public and party activists of different hues.

Whilst some of these EVAs are no doubt submitted in good faith, there is sufficient evidence to suggest that the reports are often prepared in such a way as to attempt to confuse local planning committees and present a misleading picture. Indeed, some council, especially in London, are now insisting that EVAs are no longer able to be submitted unless they are able to be viewed by members of the public and in open session at planning committee meetings.

In principle, this council supports this view and will take every action possible in order to ensure that there is transparency in this regard and that developers are making the appropriate contributions to benefit our communities.

Accordingly, this council, which is committed to increasing the delivery of affordable housing as set out in the Portsmouth Plan, requests that the Cabinet Member for Planning, Regeneration and Economic Development, commissions the development of a Draft Development Viability Supplementary Planning Document to:

1. Consider offering a 'fast-track' planning service to applications which deliver 30%, or more, affordable housing, to incentivise this behaviour by developers.
2. Require any planning application which does not meet the affordable housing requirement, contained in the Portsmouth Plan, to submit an Economic Viability Assessment which must be fully public and will be published online alongside the other planning application materials.
3. Require such Economic Viability Assessments to be in a standard form, to be agreed by Portsmouth City Council, to aid understanding and comparison by members of the planning committee and the public.
4. Consider a threshold approach to internal review of Economic Viability Assessments, whereby large applications would be reviewed by external experts to ensure the accuracy of the assessments, especially around residual land values and assumed sales rates.

5. Employ 'clawback' mechanisms as standard when large applications cannot comply with the affordable housing thresholds, to ensure that any subsequent improvement in viability is accompanied by an appropriate increase in the affordable housing provision.

Such a document would enable these factors to become a material consideration for the Planning Committee dependent on the circumstances of individual applications.

- 3.2 In September 2017 the Government launched a consultation entitled Planning for the right homes in the right places; Consultation proposals. The consultation ran for 8 weeks and closed on the 9th November 2017.
- 3.3 The measures in the consultation will help to ensure that local authorities plan for the right homes in the right places. The consultation stated that this means creating a system that is clear and transparent so that every community and local area understands the scale of the housing challenge they face.
- 3.4 The consultation specifically deals with the issue of viability assessments it reported that stakeholders have told them that the use of viability assessments in planning negotiations have expended to a degree that it causes complexity and uncertainty and results in fewer contributions for infrastructure and affordable housing than required by local policies.
- 3.5 The paper sets out the need to improve transparency and proposes to update planning guidance to help make viability assessments simpler, quicker and more transparent.
- 3.6 The Government is currently considering responses to that consultation and is currently revising the National Planning Policy Framework (NPPF). In a letter from the Chief Planner at Department of Housing, Communities and Local Government dated 30 January 2018 it was confirmed that the Government would publish a draft revised NPPF before Easter. It is anticipated that the revisions to the NPPF and any associated guidance will deal explicitly with the issues of the use of viability evidence in planning matters.

4. Recommendation

- 4.1 It is acknowledged that there is clear benefit in agreeing a protocol on the way that the local planning authority will manage applications where viability assessments are submitted. However in light of the consultation and the imminent publishing of the revisions to the NPPF which will deal with the matter of viability assessments it is proposed that a further paper should be bought back to PRED once the revision have been published confirming the national planning policy and setting out a way forward.

5. Reasons for recommendations

5.1 The reason for the recommendation is to ensure that the Council's approach to this issue is informed by, and in accordance with, the anticipated changes to national planning policy.

6. Equality impact assessment (EIA)

6.1 An equality impact assessment is not required as the recommendations do not have a disproportionately negative impact on any of the specific protected characteristics as described in the Equality Act 2010.

This is a report that updates members on the timing of a response to a Council motion and therefore there are no decisions to be made regarding this report other than to note this report and that a further report comes back to PRED once the Government has published its proposals for viability evidence in planning decisions.

7. Legal Implications

7.1 The recommendation within this report, to note the recent consultation on housing matters and to take a further report back to PRED once the government's intentions regarding viability evidence in planning applications are known, has no adverse financial implications to the Council, and any associated costs are anticipated to be met from existing approved budgets. Given that this is a noting report there is no ability to challenge at this point, the risk to the Authority is very low.

8. Director of Finance's Comments

8.1 There are no financial implications in approving the recommendations contained within this report.

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Signed by:

Assistant Director of City Development

The recommendation(s) set out above were approved/ approved as amended/ deferred/
rejected by on

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Signed by: