

Title of meeting: Cabinet

Date of meeting: 25 March 2019

Subject: Housing targets, housing supply and the Authority Monitoring Report

Report by: Assistant Director of City Development

Wards affected: All

Key decision: No

Full Council decision: No

1. Purpose of report

1.1 The purpose of this report is to update Members on a number of issues regarding housing targets, delivery and supply. This includes recent Government announcements and the implications for both the emerging Local Plan and the process for determining planning applications. Those announcements have also enabled the completion of the Council's Authority Monitoring Report which assessed the operation of the current adopted Local Plan policies (including housing delivery) for the year to 31 March 2018 and seeks permission for publication of the report on the Council's website.

2. Recommendations

2.1 Cabinet is recommended to:

- 1. Note the issues covered in this report, and in particular the implications for the local plan and determination of planning applications;**
- 2. Endorse the proposals to brief Planning Committee on the implications of these announcements for determining planning applications; and**
- 3. Approve the publication of the Authority Monitoring Report on the Council's website.**

3. Background

3.1 The Local Planning Authority is preparing a new Local Plan for Portsmouth. The Plan will set out the planning strategy to meet future development needs in the

city for the period to 2036. The Plan will set out details on the level of development which will take place in the city, where it will be located and identify the infrastructure needed to support this growth. It will replace the Portsmouth Core Strategy which was adopted in 2012 and other adopted plan documents. The Council is currently consulting on a range of evidence studies covering issues across the city as part of the process of bringing the new plan forward. There is also a consultation on the proposed strategic development at Tipner and Horsea.

- 3.2 The Plan is being prepared against a background of changing government policy on planning for housing. Reports considered at the Cabinet meetings in December 2017, July 2018 and February 2019 have kept members abreast of the changes as the Government has implemented its aim to achieve housing growth.
- 3.3 As has been reported in previous cabinet papers, the government publication of the housing delivery test, and confirmation of changes to the NPPF has been long expected. Councils were previously told they would be published in November 2018. As set out in more detail below, these announcements have important implications for plan-making and decision making in relation to housing.
- 3.4 As the Local Planning Authority the Council must publish an annual report detailing the progress made against the Local Development Scheme as well as the ongoing effectiveness of adopted Local Plan policies. The latest report covers the period of 1 April 2017 to 31 March 2018. It helps to show how the Council's planning policies are contributing towards the regeneration of the city and the provision of sustainable development.

The Authority Monitoring Report

- 3.5 The Authority Monitoring Report reports on the ongoing effectiveness of adopted Local Plan policies. The latest report covers the period of 1 April 2017 to 31 March 2018. The report covers the full range of planning issues and the production of plan policy. A significant part of the report addresses housing delivery. The publication of this year's report was delayed to ensure it could include the recent announcements on housing delivery (and specifically the treatment of student and other communal housing). The full report is included as appendix 1 to this item.
- 3.6 The AMR 2017/18 highlights the following key findings to note:
- The Council has completed significant work in gathering its evidence base underpinning the new Local Plan and progresses towards the publication of a draft plan for consultation towards the end of 2019.

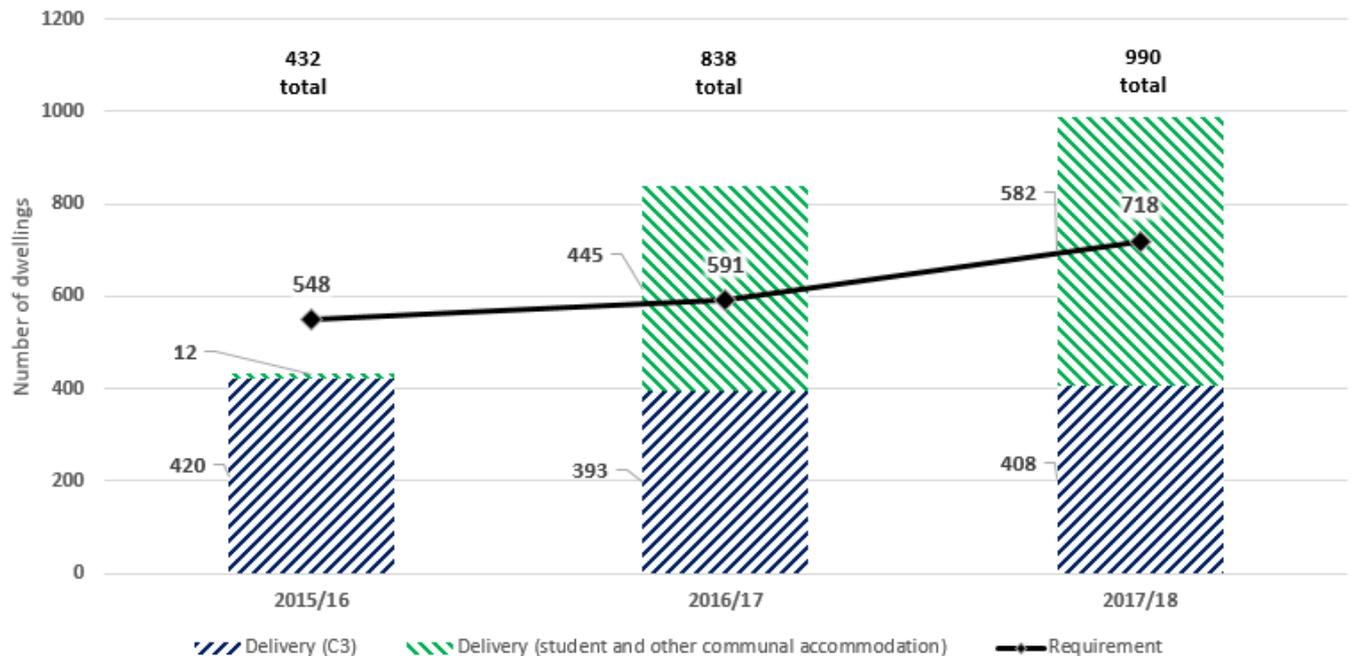
- The City has identified a significant additional housing land supply in order to meet its identified need. However the Council does not currently have a five year supply of housing land (4.7 years). This is largely down to the government's standard methodology position which has significantly increased the amount of housing that the city needs to find. Calculated against the previous Core Strategy housing figure of 584 dwellings per annum need the city would have a 7.3 year housing land supply. The figures outlined in the report represent the five year housing land supply as of March 2019 and supersede those outlined in the HELAA (February 2019).
- Whilst higher than last year, housing completions for the monitoring period (excluding student and other communal accommodation) continue to remain below the housing targets set by the Local Plan with 404 net additional dwellings completed.
- The government's Housing Delivery Test methodology indicates that the delivery of student accommodation should be recorded against housing delivery at a ratio of 2.5 bedrooms equivalent to one dwelling. As such the figure given for housing released by student completions, which are recorded separately in the AMR has been revised to reflect the new ratio.
- Again whilst higher than last year, completions of family size dwellings (three, four, and five bedroom) continue to remain below the proportions sought by the policy threshold of 40% of new completions, and are also not meeting PUSH estimated requirements for the area (59% of completions).
- There continues to be a net loss of office space across the city.
- Occupied retail frontage is below targets sought by policy across much of the city, though Southsea continues to perform above target at present in terms of A1 use.
- Vacancy rates have improved for all district centres this year other than Fratton which has declined to more than one fifth of primary frontage as vacant. Vacancy rates of primary frontage have also increased in the city centre and in Southsea.
- The Council's adoption of the Solent Recreation Mitigation Strategy reinforces its commitments, alongside neighbouring authorities, towards mitigation of recreational pressures from new development upon the surrounding Special Protection Areas.
- In terms of open space provision, the only application that was eligible to provide a pocket park under PCS13 agreed to its provision. However, there also continues to be a number of larger applications that are being permitted but are exempt from open space policy requirements such as those under general permitted development and student accommodation, and as such are not providing appropriate levels of open space provision.

- Development work continues on the sea defences at Southsea with further consultations taking place to finalise a design and in preparation for submitting a planning application. These works are vital to ensuring the ongoing resilience of the city and the safety of its inhabitants to future climate change.
 - Alongside the sea defence development, initial work has commenced on considering the implications of the new sea defences on the wider seafront in the form of a review of the seafront masterplan which will continue to be reported upon in subsequent AMRs.
 - Neighbourhood CIL spend was at its highest amount in 2017/18 with more of the city's wards utilising the money for projects in their local areas than has ever been recorded previously.
- 3.7 The AMR is required to be published on the Council's website and made publically available to provide an update of progress on the planning policies contained in the Portsmouth Plan.

Housing Delivery Test

- 3.8 The Housing Delivery Test is a new initiative by government to assess the delivery of new housing. It contains two elements - Housing delivery (which includes national standard ratios for student and other communal accommodation), and housing requirement (based on a mixture of existing local plan targets, and national projections of household growth). The government's stated aim is to publish the results each year, measuring the results of the previous three years.
- 3.9 If a Local Planning Authority's housing delivery falls below the requirement then the government will introduce sanctions, depending on the extent of the shortfall. If delivery is less than 95% of the requirement, then the authority will need to produce an action plan addressing the under-delivery of houses and take steps to rectify the problem. If delivery is less than 85% of requirement then the authority is required to find a 20% 'buffer' of additional land to deliver housing. Finally, if delivery is less than 25% of requirement (rising on an incremental basis to 75% in 2021) this will trigger a presumption in favour of sustainable development whereby planning permission will be granted unless policies in the National Planning Policy Framework (NPPF) that protect areas or assets of particular importance provide a clear reason to refuse permission or the adverse impacts of granting permission would significantly and demonstrably outweigh the benefits, when judged against the policies of the NPPF as a whole (see paragraph 11(d) of the NPPF).
- 3.10 The results of the first annual test is set out in the following chart. Some of the figures in this test require confirmation from government but the overall picture is not expected to change dramatically -

2018 Housing Delivery Test Results



- 3.11 The requirement line shows the upturn as the adopted plan figure is being replaced by a requirement based on household projections - this trend is expected to continue in next year's delivery test. In addition, it is clear that the delivery of student housing (confirmed in the housing delivery test to be at a ratio of 2.5 dwellings to one dwelling) is playing a significant role in the assessment. However, the development of student accommodation is not anticipated to continue indefinitely.
- 3.12 The outcome of this year's assessment is that housing delivery for the three years to 31 March 2018 exceeded the requirements by 22% and therefore no sanction applies for this year. However, this may not be the case in the future. There is still an ongoing need for housing, including social housing, which needs to be addressed. The Council is already taking proactive measures in the delivery of new housing, which could form part of a formal housing delivery action plan if required. In the meantime, the publication of the housing delivery test does provide a formal position on how to treat student and other communal accommodation with regards to how it counts towards overall housing delivery.

Housing Requirements and the Revised National Planning Policy Framework

- 3.13 Previous cabinet reports have discussed the government's introduction of the standard methodology for assessing housing need. On 19 February the government confirmed its proposed changes to the National Planning Policy Framework which mean that Local Planning Authorities should use the older, higher household projections.

- 3.14 The result of the changes is to confirm that the government's standard method of assessing need gives a housing need figure of 863 homes per annum, equal to 17,260 homes over the plan period 2016-2036. This figure will change slightly when new statistics are released on housing affordability, but overall this figure is not anticipated to change significantly for the purposes of plan-making over the next year or more. Whilst national policy allows for alternative methods of calculating this need in "exceptional circumstances", it is clear that the use of alternative methods is not encouraged. For instance, the Government has already confirmed that the publication of lower household projections by the Office of National Statistics does not qualify as an acceptable basis for lower housing needs. Therefore it is proposed that, barring any significant change in national policy or planning practice, this will be the starting point for the emerging local plan although the final housing requirement will be determined with regards to site availability, deliverability, and the sustainability of development in accordance with national planning policy.
- 3.15 As previously advised to Cabinet, most recently discussed in the February 2019 report, this represents a new approach by the Government - replacing the previous locally produced assessment of housing needs with a "top-down" figure produced from nationally produced official projections (and one which was objected to by this Council and others). The following table sets out a comparison of the existing adopted plan target, the level of housing need using the Government's standard method and recent delivery, including a significant element for student housing.

**Comparison of housing numbers,
dwellings per annum and equivalent twenty year targets**

	Dwellings per annum	Twenty years (2016-2036)
Existing adopted Local Plan	584	11,680
Previous PUSH statement of need	740	14,800
Government Standard Method	863	17,260
Recent delivery (2012-2018)	543	10,860

The Supply of Housing

- 3.16 Local Planning Authorities are expected to maintain a 5 year supply of housing land. Sites which have been identified as suitable for housing have been reported in the Authority Monitoring Report published each year. To date the Council has published monitoring reports which have shown a 5 year supply, against the previous plan target of 584 dwellings per annum.
- 3.17 However, as the adopted plan is over 5 years old, changes to the NPPF require that housing supply is measured against the higher levels of need derived from

the new standard methodology. Although efforts have been made to identify and bring forward land for housing (and are recorded in the Housing and Economic Land Availability Assessment, which has been published for consultation as part of the local plan evidence base) it has not been possible to identify at this time sufficient sites to maintain a 5 years supply.

- 3.18 This is not a surprise as it has been anticipated for some time that the Council may not be able to identify sufficient capacity to meet all housing needs, and work is underway with neighbouring authorities to understand what capacity may exist elsewhere under the Duty to Cooperate. Nonetheless it is the case that until a new housing requirement is established in the emerging Local Plan, housing supply should be assessed against the figure arising from the government's standard methodology.
- 3.19 Using the standard methodology, including the national ratios for student and other communal housing, the current assessment of housing supply is 4.7 years. This assessment will be revised over the summer, to address the results of the consultation into the HELAA, and to re-examine the deliverability of sites in line with new principles confirmed in the NPPF revisions announced in February. Overall it is considered likely that the impact may well be to reduce the overall supply which could be robustly defended as deliverable within 5 years.
- 3.20 Therefore, two things are likely to be required to establish a five year supply of housing. First, sites need to continue to be identified, and robustly assessed against the test in the NPPF for what constitutes a deliverable site within 5 years. Second, the housing requirement in the new local plan needs to reflect the realisable capacity in the city given the other aims and requirements of sustainable development in the NPPF.

Planning Applications

- 3.21 Not having a 5 year supply of housing has an immediate impact for consideration of planning applications. The NPPF defines out of date policies in adopted local plans as including for *applications involving the provision of housing, situations where the local planning authority cannot demonstrate a five year supply of deliverable housing sites (with the appropriate buffer, as set out in paragraph 73); or where the Housing Delivery Test indicates that the delivery of housing was substantially below ... the housing requirement over the previous three years*. Although the housing delivery test has been met, the supply test cannot be met. This results in certain policies being deemed out of date and the presumption in favour of sustainable development, in line with the principles set out in the NPPF, applies.
- 3.22 Planning proposals for housing should therefore be granted unless policies in the NPPF that protect particular areas or assets (e.g. irreplaceable habitats or designated heritage assets) provide a clear reason for refusing the application, or any adverse impacts of doing so would significantly and demonstrably

outweigh the benefits, when assessed against the policies in the Framework taken as a whole (known as the “tilted balance”).

3.23 A full briefing will be given to the Planning Committee on this matter in due course.

4. Equality impact assessment

- 4.1 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 for the following reasons:
- This report updates members on issues of the level of total housing need and housing supply rather than the needs of specific groups.
 - The Authority Monitoring Report is a document that updates members on the effectiveness of adopted policies and progress made towards targets and therefore there are no decisions to be made regarding this document other than to approve the document for publication on the Council website.
 - The development plan documents and supplementary planning documents which make up the LDF would have been subject to an Equality Impact Assessment if required. Furthermore individual EqlAs would include consultation with the pertinent groups of these projects/actions if there was a potential impact, positive or negative.

5. Legal implications

5.1 Contained within the main body of the report above.

6. Director of Finance's comments

6.1 The recommendations within this report to publish the Authority Monitoring report and update planning committee regarding the appropriate consideration of planning applications. It is anticipated that the costs associated with this can be met from the existing cash limited budget. If planning committee did not receive the update and take it into account when determining future planning applications this could render the Council more vulnerable to applications for costs if planning applications were found to have been turned down without due reference to appropriate considerations.

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Signed by:

Appendices:

Appendix 1 Draft 2017-2018 Authority Monitoring Report

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location

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

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Signed by: