

Response of the North Northamptonshire Joint Planning Committee to proposed changes to the current planning system - 1st October 2020

Standard Method for assessing housing numbers in strategic plans

The proposed new method would see the Local Housing Need (LHN) for North Northamptonshire rise by 64% from around 1,800 new homes pa to over 3,000 pa. This would be the highest LHN of any authority in the Oxford-Cambridge Arc (see Table 1).

North Northamptonshire has a strong record of planning and delivering housing growth, and an ambition to continue doing so as part of the Oxford-Cambridge Arc. Our statutory Joint Planning Committee (the only one in the Arc) has already delivered two joint core strategies and we have worked closely with MHCLG and Homes England, including through the Garden Communities programme, to deliver the planned growth. This has helped us to achieve some of the highest rates of housing delivery in the country

This successful plan-led approach has been based on robust evidence and community/stakeholder engagement. It has been tested through the public examination of our plans. All of this is in danger of being undermined by the imposition of an unrealistic, formulaic LHN figure, which will be unable to gain local support and will work against any form of community consensus for the Local Plan that the new unitary authority will begin to prepare in 2021.

The Joint Planning Committee therefore strongly objects to the proposed new standard method. As set out in our responses to the specific consultation questions, this would unreasonably punish North Northamptonshire for accommodating significant growth and achieving regeneration to make the area more attractive, with an unrealistic growth requirement that would frustrate proper spatial planning linking housing, jobs and infrastructure.

Our preferred approach is for LHN to be determined taking account of the wider context provided by the emerging Spatial Framework for the Oxford-Cambridge Arc, where it can be considered alongside employment provision, strategic infrastructure, and the varying constraints, opportunities, and ambitions across the Arc. We are determined to play our part in delivering the growth ambitions for the Arc in a way that benefits local communities, but we recognise that North Northamptonshire is peripheral to the main growth opportunities presented by investment in East-West connectivity, and that our main towns are secondary economic centres. In view of this, it is nonsensical that the revised standard method should result in North Northamptonshire having the highest LHN in the Arc, which would result in unsustainable patterns of development, highly dependent on out-commuting.

If the Government is determined to introduce a revised standard method, our fallback position is that the formula should be amended to remove the affordability adjustment from LHN in high-delivering areas such as North Northamptonshire, where housing land constraints are clearly not a major factor in local house prices. We suggest that this could apply where 2018 household projections exceed 1% of housing stock pa.

In either event, we request that the Government amends or disapplies paragraph 73 of the NPPF to ensure that adopted Local Plan housing requirements in the Ox-Cam Arc (or North Northamptonshire in particular) remain in force until replaced by new plans prepared in the context of the Arc Spatial Framework.

Q1: Do you agree that planning practice guidance should be amended to specify that the appropriate baseline for the standard method is whichever is the higher of the level of 0.5% of housing stock in each local authority area OR the latest household projections averaged over a 10-year period?

No. 0.5% of dwelling stock would result in a baseline requirement for 754 dwellings pa for North Northamptonshire whereas the latest household projections would give a baseline 2.4 times higher at 1,826 pa.

Our preferred approach is for LHN to be determined taking account of the wider context provided by the emerging Spatial Framework for the Oxford-Cambridge Arc, where it can be considered alongside employment provision, strategic infrastructure, and varying constraints, opportunities, and ambitions across the Arc.

However, if the Government persists with a top-down formula, a percentage of existing stock would be a reasonable approach as this is a matter of fact and will ensure that all local planning authorities make some contribution to national housing targets (see question 2). In contrast, household projections reflect past levels of growth which will have been enabled or constrained by rates of housing delivery. Using these as minimum benchmark would therefore “bake in” previous performance, ensuring that places such as North Northamptonshire that have accommodated significant housing growth must continue to do so, and places that have delivered less can continue to do so.

The 2018 household projections are lower for most local authorities than 2014 projections used in the current standard method. To ensure the national target of 300k pa is met, this has necessitated a formula that makes a significant upward adjustment of the baseline, without the previous 40% cap on increases above local plan requirements.

However, the 2018 household projections for North Northamptonshire (1,826 pa) are in fact significantly higher than the 2014 projections (1,502 pa). This is due to projecting forward past rates of household growth that were enabled by strong housing delivery (the 2018 household projections use rates of household formation between 2001 and 2011, during which time three of the four North Northamptonshire authorities were in the top 20 fastest growing in the country).

The result of the proposed standard method is that North Northamptonshire would start from a high baseline before the significant upward adjustment that the proposed standard method employs to hit the overall national housing target.

If, notwithstanding the above, the 2018 household projections are to be used for the baseline, we recommend that, where these exceed 1% of housing stock pa in high-delivering areas such as North Northamptonshire, the standard method should require no further uplift based on affordability.

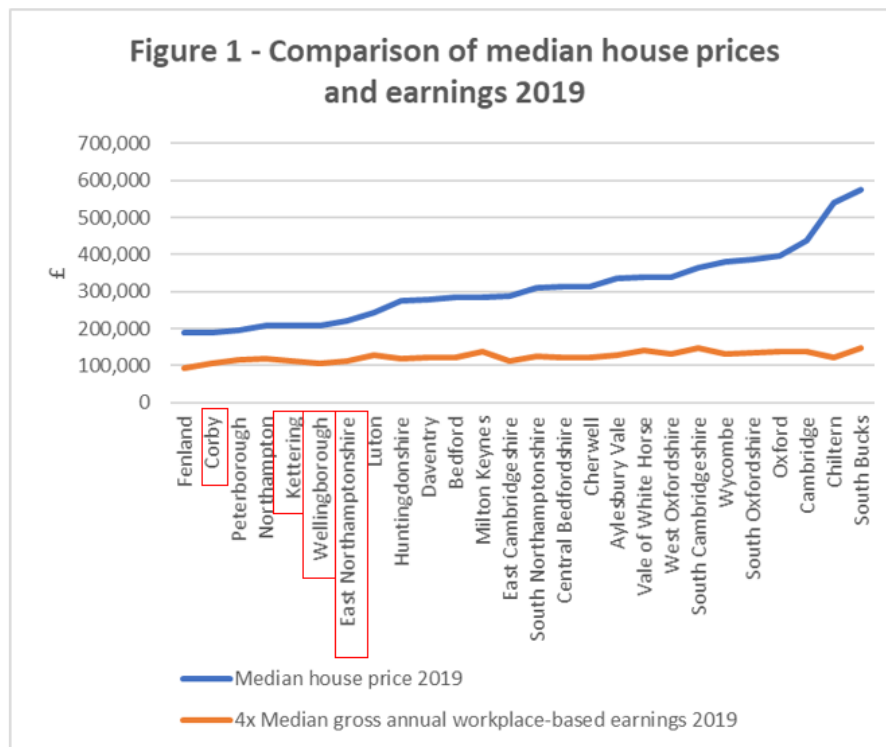
Q2: In the stock element of the baseline, do you agree that 0.5% of existing stock for the standard method is appropriate? If not, please explain why

Yes. For North Northamptonshire this would result in a baseline requirement for 754 dwellings pa. We deliver more than twice this number of dwellings (average 1,642 pa between 2011 and 2019).

Q3: Do you agree that using the workplace-based median house price to median earnings ratio from the most recent year for which data is available to adjust the standard method’s baseline is appropriate? If not, please explain why.

No. The proposed standard method is considered flawed in its narrow focus on individual local authorities rather than Housing Market Areas or wider economic sub-regions. It takes no account of the relative affordability of places as referred to in the White Paper (p32) which aims to ensure that *“the least affordable places where historic under-supply has been most chronic take a greater share of future development”*.

North Northamptonshire is relatively affordable compared to most of the Oxford-Cambridge Arc (see Figure 1) and the wider South-East (the 2018 Lloyds survey of the most affordable commuter towns within an hour of central London put Wellingborough 1st and Kettering 3rd).



However, while house prices in North Northamptonshire are relatively affordable in a wider context, median household incomes are also relatively low and have not kept pace with house price inflation (see Q4). Consequently, the ratio of median house price to median earnings in NN has worsened from (averages of the 4 LPAs) 5.9 in 2009 to 7.6 in 2019.

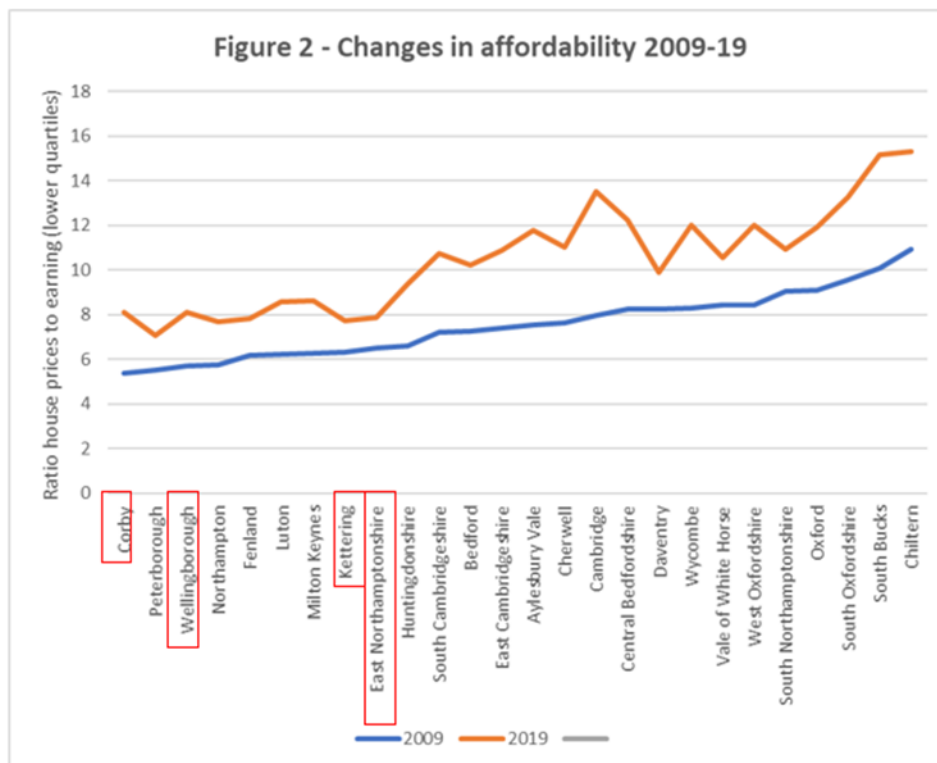
In the proposed standard method, the affordability adjustment arising from the above results in a **65%** upward adjustment of the (already high) baseline housing requirement. **This contributes to North Northamptonshire having the highest LHN of any local authority in the Ox-Cam Arc.**

Table 1 - Local Housing Need arising from proposed standard method	Dwelling Stock (2019)	LHN current standard method (dwellings pa)	Current LHN as % of dwelling stock	Proposed new standard method (dwellings pa)	New LHN as % of dwelling stock
Corby	29,842	506	1.70	799	2.68
Kettering	45,340	526	1.16	853	1.88
Wellingborough	35,214	348	0.99	535	1.52
East Northants	40,481	457	1.13	821	2.03
North Northants	150,877	1,837	1.22	3,008	1.99
Northampton	97,226	1,288	1.32	811	0.83
Daventry	36,284	348	0.96	970	2.67
South Northants	40,033	503	1.26	864	2.16
West Northants	173,543	2,139	1.23	2,645	1.52
Cherwell	66,475	756	1.14	1,305	1.96
West Oxfordshire	48,920	563	1.15	653	1.33
Oxford	59,157	603	1.02	656	1.11
South Oxfordshire	62,296	608	0.98	723	1.16
Vale of White Horse	58,669	661	1.13	1,447	2.47
Aylesbury Vale	82,018	1,398	1.70	2,197	2.68
Wycombe	74,044	764	1.03	889	1.20
Chiltern	40,095	343	0.86	619	1.54
South Bucks	29,624	431	1.45	433	1.46
Milton Keynes	113,237	1,806	1.59	1,417	1.25
Bedford	75,659	1,305	1.72	1,153	1.52
Central Bedfordshire	121,347	2,386	1.97	2,752	2.27
Luton	80,024	595	0.74	713	0.89
Peterborough	84,409	926	1.10	1,282	1.52
Huntingdonshire	76,892	976	1.27	1,019	1.33
Fenland	45,081	538	1.19	844	1.87
Cambridge	55,207	658	1.19	745	1.35
East Cambs	37,835	597	1.58	554	1.46
South Cambs	67,611	1,085	1.60	773	1.14

Using these top-down formulaic LHN figures as a basis for strategic plans would frustrate proper spatial planning linking housing, jobs and infrastructure in the Arc. The proposed LHN figures are at odds with evidence prepared by the National Infrastructure Commission and others which emphasises the need to focus growth along the corridor of the proposed East-West Railway and Expressway, and at the primary economic centres including Oxford, Cambridge, Milton Keynes and Northampton. Despite the strong performance of North Northamptonshire in delivering growth, it must be recognised that the area is at the periphery of the Arc, relatively remote from the growth opportunities presented by investment in East-West connectivity. The main towns are secondary economic centres and the GVA is amongst the lowest in the Arc. While we are determined to play our part in delivering the growth ambitions for the Arc in a way that benefits our local communities, it is nonsensical that the revised standard method should result in North Northamptonshire having the highest LHN in the Arc, which would result in unsustainable patterns of development, highly dependent on out-commuting

Q4: Do you agree that incorporating an adjustment for the change of affordability over 10 years is a positive way to look at whether affordability has improved? If not, please explain why.

No. The proposed standard method is simplistic in its assumption that declining levels of affordability (see Q3) are due solely to under-supply of housing. This is clearly not the experience in North Northamptonshire, where high levels of housing delivery have been achieved (over 13,000 completions 2011-19), substantial amounts of housing land are committed (capacity identified for over 30,000 homes), but affordability based on local incomes has worsened (see Figure 2).



Corby is a case in point. It has been the second fastest growing local authority outside London (ONS population growth 2013-18) yet has also seen the 3rd highest level of house-price inflation in the year to April 2020 (Land Registry). This is in part due to the ongoing regeneration of the town making it more attractive to moving households. Local incomes have not kept pace with rising house prices, resulting in deteriorating affordability to local households, but not for the reasons anticipated in the standard method (constrained supply).

The issue of affordability for existing North Northamptonshire households will not be addressed by increasing the amount of land available for market housing. Households on the councils' housing needs registers are priced out of the private housing market by virtue of relatively low or insecure incomes and/or lack of savings for a mortgage deposit. They require bespoke affordable housing products such as rent-to-buy in order to access home ownership. Coupled with opportunities for higher paid employment (as sought by the JCS focus on higher skilled jobs), this will be the most effective way of improving the affordability of market housing for the existing community.

Q5: Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.

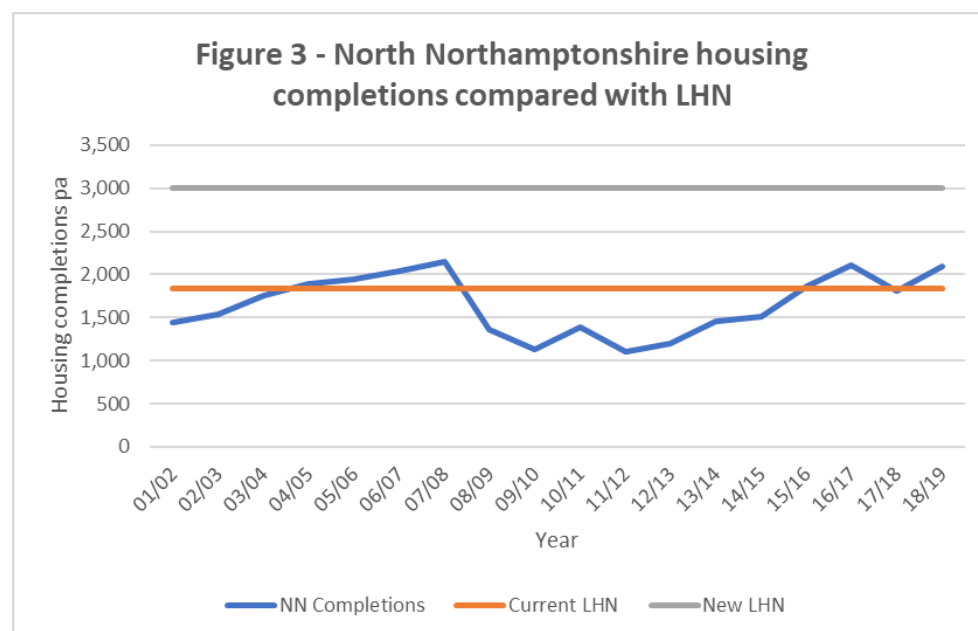
No. See answers to Q3 & Q4. The proposed standard method results in a 65% uplift in the, already high, baseline requirement. This is despite North Northamptonshire being relatively affordable within the Ox-Cam Arc and wider area, and delivering housing growth far in excess of the needs of the local community (in-migration accounts for over half of the new housing planned in Joint Core Strategy 2011-2031).

Do you agree that authorities should be planning having regard to their revised standard method need figure, from the publication date of the revised guidance, with the exception of:

Q6: Authorities which are already at the second stage of the strategic plan consultation process (Regulation 19), which should be given 6 months to submit their plan to the Planning Inspectorate for examination?

Q7: Authorities close to publishing their second stage consultation (Regulation 19), which should be given 3 months from the publication date of the revised guidance to publish their Regulation 19 plan, and a further 6 months to submit their plan to the Planning Inspectorate? If not, please explain why. Are there particular circumstances which need to be catered for?

No. The proposed standard method is considered flawed for the reasons set out above. It results in a LHN figure over 70% above that in the current Joint Core Strategy (1,750 new homes pa). This is considered undeliverable in the light of past levels of development shown in Figure 3, which reflect demand within the Housing Market Area. The highest recorded housing delivery in North Northamptonshire has been around 2,100 at the height of the market. This has not been constrained by a lack of land and it is inconceivable it could be accelerated to an average of more than 3,000 pa unless the local economy is transformed and Government and other providers make substantial and sustained investment in infrastructure and services.



The LHN arising from the proposed standard methodology could create major problems for North Northamptonshire in bringing forward a new strategic plan, given that NPPF para 60 states that strategic policies should be informed by LHN using the standard method unless exceptional circumstances justify an alternative approach. The proposed standard method would result in North Northamptonshire having to plan for over 90,000 homes in the period to 2050, compared to the current LHN of 55,000 homes.

The proposed standard method could also have a more immediate impact on planning decisions given the NPPF (para 73) requirement for local planning authorities to maintain a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies, or against their local housing need where the strategic policies are more than five years old. The North Northamptonshire JCS is 5 years old in July 2021. Assessing housing land supply against the revised LHN would increase pressure for speculative housing proposals on unallocated sites.

It is unacceptable that such a fundamental change to the planning context for North Northamptonshire could be made top-down, through a revised standard method and amendments to planning practice guidance, with no supporting evidence or consultation (other than the current technical consultation which fails to set out the LHN arising from the proposed standard method).

MHCLG is establishing arrangements for the preparation of a spatial framework for the Ox-Cam Arc, with work due to commence later in 2020. This framework will be co-produced with the local planning authorities and is expected to be taken forward as national policy. This offers the potential to link homes, jobs and infrastructure and to take proper account of the varying constraints, opportunities and ambitions across the Arc.

North Northamptonshire will engage positively with work on the spatial framework. In the meantime, we ask that the threat posed by para 73 of the NPPF is lifted by either an amendment to the NPPF or a statement from Government confirming that existing adopted development plans in the Arc (or North Northamptonshire in particular) will remain the basis for housing land requirements until replaced by new plans prepared in the context of the Arc Spatial Framework. This will avoid the councils having to fight off speculative development proposals in unacceptable locations, which would use scarce resources and undermine confidence in the planning process.

Delivering First Homes

Q8: The Government is proposing policy compliant planning applications will deliver a minimum of 25% of onsite affordable housing as First Homes, and a minimum of 25% of offsite contributions towards First Homes where appropriate. Which do you think is the most appropriate option for the remaining 75% of affordable housing secured through developer contributions? Please provide reasons and / or evidence for your views (if possible):

i) Prioritising the replacement of affordable home ownership tenures, and delivering rental tenures in the ratio set out in the local plan policy.

We object to the proposed 25% 'First Homes' requirement on the basis that this is overly prescriptive and does not address local housing needs. The proposal seems to prescribe what to deliver in terms of affordable housing tenures, rather than allowing local authorities to set local targets based on local knowledge and evidence. It could have significant impacts on the delivery of shared ownership. As a consequence, unless prospective buyers have access to a sufficient deposit, they are unlikely to be able to access this product. Products such as Rent to Buy and Rent Plus, where applicants do not need a deposit, are more accessible to low

income households than First Homes or other low-cost home ownership tenures which do require a deposit. Partner LPAs in North Northamptonshire have provided more detailed responses on the implications of the proposals.

Small sites planning policy

Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period?

No. The proposal to temporarily raise the national threshold for affordable housing to at least 40 dwellings would set a dangerous precedent. Even for a limited period, this could greatly reduce the scope to negotiate affordable housing provision; particularly at a neighbourhood (non-strategic) level and reduce the amount of affordable housing delivered. It is unclear where the evidence that affordable housing is stopping SME builders from accessing sites (rather than land value and competing with larger developers) is derived from. Partner LPAs in North Northamptonshire have provided more detailed responses on the implications of the proposals

Extending Permission in Principle to cover major development

Q. 24: Do you agree that the new Permission in Principle should remove the restriction on major development?

No. Permission in principle, as it currently functions, provides a mechanism by which small/minor sites may be granted a basic consent, without the costs associated with submitting a full planning permission. There is not considered to be any justification for extending this to major developments, given the likely range of development management issues that will almost certainly need to be resolved in order to deliver “sustainable development”; i.e. a scheme that is acceptable in planning terms. Such a move would also significantly reduce the ability of democratically elected planning committees to determine planning applications that could have major impacts on localities.

Partner LPAs in North Northamptonshire have provided more detailed responses on the implications of the proposals.