

Email to:

TechnicalPlanningConsultation@communities.gov.uk

01/10/2020



Dear Sir/Madam,

Great Yarmouth Borough Council response to: 'Changes to the current planning system' August 2020

Please accept this letter in response to the current consultation on 'Changes to the current planning system'. This response has been prepared at officer level on behalf of Great Yarmouth Borough Council.

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?

The household projections are generally a more appropriate measure to plan for housing to meet future housing needs based on the current projected growth. A fixed proportion based on existing housing stock is a potentially cruder measure that contradicts the intended focus on up-to-date market trends.

However, household projections can be volatile and influenced by very short-term occurrences which can then get extrapolated forward giving a less accurate forecast. The latest 2018 based household projections only use internal migration trends from a 2 year period which can create very volatile and unrealistic results (such as the case for neighbouring authorities to Great Yarmouth). The longer term 10yr migration variant of the 2018 household projections provides a more sensible result. However, even longer-term migration scenarios can be distorted by one-off historical events. For example, a one-off spike in EU inward migration to Great Yarmouth following the enlargement of the EU in 2004, resulted in unrealistically high household projections in 2008 based projections.

Therefore, having an alternative baseline could be appropriate. However, it is considered that in order to ensure that unrealistic levels of need are generated for any specific local area, the figure used should be based on local evidence rather than always the higher figure. This should then be tested at examination based on the best available evidence.

Alternatively, household projections could be tempered with evidence of historic housing delivery and household formation over a much longer term (10-20 years). This would give a better understanding of what the market is able of accommodating (which could be more or less than suggested by household projections).

The market uplifts applied to the baseline will still ensure there is an uptick in housing requirement above historic delivery (if necessary).

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.

This is an arbitrary proportion that bares little relationship to the average annual household growth. Clearly this could vary from one authority to another. However, as stated in answer to question 1, it could be a useful sense check to household projections.

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.

There is a concern that the use of median house price figures could skew the market signals particularly in areas with cheaper housing within towns and with more expensive housing in rural areas (where it would not be sustainable to focus significant housing development). As such it may be better to allow some areas to adopt the lower-quartile house prices rather than median, or alternatively use only house price data from the urban areas where development should be focussed.

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, disagree. The affordability of housing has a complicated relationship with housing supply and delivery. There is concern at the effect which is to double count the adjustment factor in the housing need equation. This distorts the requirements significantly in some areas. Fortunately, this is less of an issue in Great Yarmouth but the multipliers still increase the requirement by 40% over household projections. As such there is concern whether there will be sufficient demand to sustain such a requirement over a plan period.

A good example of the distortion effect can be seen at a neighbouring authority, South Norfolk, where the authority has averaged an annual delivery of 1,164 houses over the last three year period, with a current annual Local Housing Need of 893 houses. Despite this level of delivery, the affordability gap has marginally increased over this period, but over the 10 year period has increased more significantly. The result is a new Local Housing Need (based on the revised calculation) of 1,832. This has more than doubled the need (a 105% increase). Despite a clear increase in housing delivery, and the affordability gap has still widened. This represents a significant challenge for the authority to meet its housing alone, and coupled with other authorities with increasing housing needs across the County, is likely to prove unmanageable. Great Yarmouth Borough Council has significant challenges in meeting its own housing needs with contaminated land, flood risk, the Broads network, and a weak housing market which limits its ability to meet its own needs, let alone to support other local authorities to meet their housing needs.

In most cases the affordability gap has widened over the 10 year period, and this was already reflected in the original calculation with a single multiplier for the current year. This is particularly due to the fact that 10 years ago the country was experiencing the effects of the last recession.

With the introduction of the Housing Delivery Test, the Government has clearly stepped up measures to encourage local authorities to improve housing delivery, particularly over the last few years. If the Government is minded to maintain a further uplift adjustment in the calculation to reflect how affordability has changed, a much more proportionate approach would be to set the further adjustment over a 3 year period to capture measures that authorities may have taken (in response to the Housing Delivery Test). This in turn, may provide more manageable further uplifts for local authorities.

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

No, disagree. Affordability as represented by the market uplift in two stages is given too much weight. This distorts the housing requirements well above the household projections (as discussed in response to Question 4.

A further issue is that the affordability ratios are very volatile to change year-on-year. The increased weight given to this data in the proposed methodology means that housing requirements will become much more volatile, which could prove very challenging for local planning authorities preparing a plan over a three year period where the housing need figure is not fixed until the day the final version of the plan is published. It could also mean that plans are quickly and significantly out-of-date with regard to their housing number, leading to more challenges at appeal.

As an example, the table below shows how the housing requirement for Great Yarmouth and its neighbours would have changed each year over the period 2011-2019 with the proposed method using the affordability data changes with a fixed baseline based upon the 2018 household projections.

	Year on Year Change in Annual Housing Requirement								
	2011	2012	2013	2014	2015	2016	2017	2018	2019
Great Yarmouth	-76	-31	-29	-40	-14	-13	72	6	10
South Norfolk	-208	-322	-255	83	21	-17	-164	238	358
Broadland	-64	-240	-159	51	-23	247	-21	-18	98
North Norfolk	-114	-93	-83	-14	-217	-32	93	68	138

As can be seen from the above table, annual housing requirements could change for some Districts by more than 300 houses in a single year. For Great Yarmouth in 2016 the housing requirement would have been 276 per annum over the plan period. However, the following year the housing requirement that the Council would have to plan for would have been 348. Over the course of a full plan period (15yrs) this would have meant within the space of a year the Council would have had to plan for an additional 1,080 homes. This would have delayed plan making whilst the Council found additional land to allocate. In the case of North Norfolk, the housing requirement would have been 681 in 2014, however, the following year it would have dropped by 217 to 464.

The above table demonstrates that the data is too volatile to give so much weight to in working out housing requirements in such a binary way. The situation is worse with two year updates to household projections which do not take a long enough trend and therefore are also volatile.

To reduce the volatility of the data a three year average could be used which would smooth out changes. However, in areas with high baselines, the overall weighting to the market uplifts would still cause a problem.

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?

This exemption is supported. Great Yarmouth Borough Council has recently submitted its local plan for examination. The plan includes a strategic policy to meet the standard methodology for calculating Local Housing Need (this is, however, based on the current NPPG published iteration of the standard method).

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:

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?

This should be extended to at least a year in total to allow for more flexibility. There are various degrees of being 'close' to publishing a plan depending on local authority processes and procedures. The Covid-19 lockdown scenario may have stalled some plan progress. For example, Great Yarmouth Borough Council re-published its plan following lockdown measures that were introduced during the initial publication period. This delayed its submission.

The Government should also consider the impact of other frequent national planning policy changes. Recent changes to the Use Classes Order, permitted development rights, and affordable housing requirements; will also require authorities to carefully review the content of emerging plans.

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.***
- ii) Negotiation between a local authority and developer.***
- iii) Other (please specify)***

Option iii), this should be at the discretion of local authorities to set locally to meet local housing needs. Further rules on affordable housing tenures may further disrupt the ability of local authorities to meet their local affordable housing needs.

Great Yarmouth Borough Council has a substantial need for affordable housing in the rent tenures. The local affordable housing need is greater than the current annualised local plan target. Evidence provided in Appendix 1 shows that the Borough Council will struggle to match demand for 25% of the affordable housing requirement to be First Homes. This is because First Homes are mainly affordable in the urban areas (but where development viability is significantly strained, which will reduce the opportunity to provide affordable housing in such areas). In rural areas the level of market discount required is high owing to the higher values of the properties and relatively low incomes; hence, there is low demand in these areas.

There should be an exemption to any national requirement where this is locally justified, such as in Great Yarmouth.

With regards to current exemptions from delivery of affordable home ownership products:

Q9: Should the existing exemptions from the requirement for affordable home ownership products (e.g. for build to rent) also apply to this First Homes requirement?

Yes. In particular, where NPPF paragraph 64 sets out 'unless this would... significantly prejudice the ability to meet the identified affordable housing needs of specific groups'. As stated in response to Question 8, this is of critical importance to Great Yarmouth Borough Council in addressing its locally identified affordable housing needs.

With regards to current exemptions from delivery of affordable home ownership products:

Q10: Are any existing exemptions not required? If not, please set out which exemptions and why.

Remove the exemption for people who wish to build or commission their own homes. Most self-build and custom housebuilding fall below the threshold for major sites to have to provide affordable housing. Where sites are large enough to meet this requirement, they should be required to provide affordable housing as self-build housing and land used will usually be at market value, and therefore should not require subsidy.

With regards to current exemptions from delivery of affordable home ownership products:

Q11: Are any other exemptions needed? If so, please provide reasons and /or evidence for your views.

The First Homes requirement should be exempt for authorities that can clearly demonstrate that there is not a need for such products in their area. At the very least, the requirement should be reduced if there is strong justification based on other affordable housing needs.

Q12: Do you agree with the proposed approach to transitional arrangements set out above?

A year would provide greater flexibility for local planning authorities. The Covid-19 lockdown scenario may have stalled some plan progress. For example, Great Yarmouth Borough Council re-published its plan following lockdown measures that were introduced during the initial publication period. This delayed its submission.

Q13: Do you agree with the proposed approach to different levels of discount?

While a 30% discount is an improvement for those purchasing their first homes from the NPPF standard starting at 20% discount, this will still fall well short of the intervention needs in Great Yarmouth. Evidence from Great Yarmouth Borough (as shown in Appendix 1) identifies that higher discounted First Homes would be required to meet local affordable housing needs.

Increased flexibility in the level of discount is welcomed, however, this in turn is likely to impact on development viability to deliver and will significantly impact on delivery of other affordable housing tenures (some of which may have more demand, such as affordable rent and shared ownership). In the urban wards, it is unlikely that even the 30% discounted First Homes will be viable for developers on small and medium sized developments owing to remediation costs and low property values.

There is also concern as to how regularly an independent registered valuer may be required. This could be costly for an authority and would require support to cover such burdens.

Q14: Do you agree with the approach of allowing a small proportion of market housing on First Homes exception sites, in order to ensure site viability?

A small proportion may be appropriate, provided that the need for First Homes is clearly demonstrated. It would be beneficial to set a level from a 'small proportion' to ensure that the policy remains an exception and not the starting point for developers to maximise their profits, e.g. no more than 25% of the development should be market housing.

There is concern that exception sites for First Homes could raise hope value for land around settlements and therefore reduce opportunities for exception sites for affordable rented homes.

Q15: Do you agree with the removal of the site size threshold set out in the National Planning Policy Framework

Local authorities should be able to exercise discretion when considering the need and location for such development. Most local authorities already have planning policies to set out the scale of growth for their areas and can use this to help determine whether an exception site is appropriately scaled. It is more important that the number of houses provided clearly meets an identified local housing need. If the need is not there, then the exception should not apply.

Q16: Do you agree that the First Homes exception sites policy should not apply in designated rural areas?

Yes, agree.

For each of these questions, please provide reasons and / or evidence for your views (if possible):

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

No, disagree. No evidence has been provided that SME builders have been adversely affected to the extent that they can no longer meet contributions for affordable housing on developments of up to 40 or 50 dwellings.

Such a change based on the current commitments would greatly reduce the Borough's affordable housing provision, by up to 43%. Such a high percentage also demonstrates that there is not really an issue with viability as affordable housing is being delivered from SME sites.

The proposal could cause a significant issue for rural villages in desperate need of affordable housing, where developments are unlikely to be larger than 40 homes.

While the approach may help SME builders' viability and their profit margins if they have already purchased land, the wider implication is that it will likely to increase land values as developers will be able to bid a higher price for land. This in turn may result in landowners having a higher expectation of land value in the future, which may frustrate land coming forward once the temporary policy has expired.

Q18: What is the appropriate level of small sites threshold?

i) Up to 40 homes

ii) Up to 50 homes

iii) Other (please specify)

Other. If the Government is minded to have a threshold for small sites, then the current NPPF threshold of 10 homes could be maintained.

Alternatively, the Government could give local authorities discretion to define their own local thresholds based on the findings of local plan viability assessments. For example, in the Borough of Great Yarmouth the threshold is actually higher than the current NPPF threshold (15 house developments) in urban areas reflecting constraints that hamper viability. However, a lower threshold is more appropriate in rural areas where greenfield sites do not bear the constraints.

Or, the Government could consider applying a higher threshold (40 or 50) but limit these only to brownfield development sites to support SME development. This would better align with viability circumstances and opportunities to support regeneration.

Q19: Do you agree with the proposed approach to the site size threshold?

Disagree. The justification under Q17 also applies.

Q20: Do you agree with linking the time-limited period to economic recovery and raising the threshold for an initial period of 18 months?

If an increased threshold is taken forward, this should be clearly time-limited and not extended. 18 months is considered too long and will more likely have the undesirable outcome of raising land values rather than aiding viability for SME builders. Any changes to the threshold should apply for 6 months. This will focus mind and give a greater chance of the policy having the effect of supporting SME builders to deliver housing quickly in the short term.

The Government should also consider the use of stricter time limits (such as a year) on planning permission conditions for developers to commence to ensure that such a policy is supported by actual housing delivery in the short term.

Q21: Do you agree with the proposed approach to minimising threshold effects?

Yes. Though, it is worth pointing out that this seeks to address only one of several likely adverse effects from implementation of this policy. This does not address the main threat which is the overall loss of affordable housing provision, which in some local authorities such as Great Yarmouth will be an extremely significant loss.

The Borough Council already has a policy in place to address the issue of cumulative development following the Government's introduction of the major sites' threshold.

Q22: Do you agree with the Government's proposed approach to setting thresholds in rural areas?

Yes. But overall, very little rural land is covered by designated rural areas, as the situation is in the Borough of Great Yarmouth. Only the Broads Area and AONB are covered by the lower threshold. If the Government wants to deliver affordable housing in rural areas, then this lower threshold should be expanded to include other rural areas.

Q23 – Q35

No comment

I hope that these comments are of use to you. If you have any queries, please do not hesitate to contact me using the contact details below.

Yours faithfully,

N. Fountain

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Appendix 1

To understand affordability, affordability has been tested for a mix of property sizes at the First Homes market discount tenures of 30%, 40% and 50% across wards in the housing market area. The affordability represented below is of those on the HomeBuy register, i.e. those people looking for this type of tenure. The data is summarised below providing a breakdown across each Borough ward. The raw data that has been used is shown below the following summary table.

Lower quartile based First Homes affordability by size of property

Market Discount	First Homes								
	30% Market Discount			40% Market Discount			50% Market Discount		
Ward	2 Bed	3 Bed	4Bed	2 Bed	3 Bed	4Bed	2 Bed	3 Bed	4Bed
Central & Northgate	✓	✓	✓	✓	✓	✓	✓	✓	✓
Nelson	✓	✓	✓	✓	✓	✓	✓	✓	✓
Claydon	✓	✓	✗	✓	✓	✗	✓	✓	✓
Magdalen	✓	✗	✗	✓	✓	✗	✓	✓	✓
Southtown & Cobholm	✓	✓	✓	✓	✓	✓	✓	✓	✓
Bradwell North	✗	✗	✗	✓	✗	✗	✓	✓	✓
Lothingland	✗	✗	✗	✓	✗	✗	✓	✓	✗
Bradwell South & Hopton	✗	✗	✗	✓	✗	✗	✓	✓	✗
West Flegg	✗	✗	✗	✓	✗	✗	✓	✗	✗
East Flegg	✗	✗	✗	✓	✗	✗	✓	✓	✗
Ormesby	✓	✗	✗	✓	✗	✗	✓	✓	✗
Caister South	✗	✗	✗	✓	✗	✗	✓	✓	✗
Caister North	✗	✗	✗	✓	✗	✗	✓	✓	✗
Fleggburgh	✗	✗	✗	✗	✗	✗	✓	✗	✗
Yarmouth North	✓	✓	✗	✓	✓	✗	✓	✓	✗
St Andrews	✓	✓	✗	✓	✓	✗	✓	✓	✗
Gorleston	✓	✗	✗	✓	✓	✗	✓	✓	✗

In summary, the town/urban areas of Great Yarmouth and Gorleston prove more affordable for First Homes. This is owing to the lower value of the properties in those areas. However, as brownfield

areas with much at risk of flooding or subject to remediation costs, such areas tend not to be viable to provide affordable housing.

In rural wards a higher level of discount on market value is required to make them affordable. Of those that are affordable, these tend to be smaller, two bed properties with larger properties unaffordable even at higher market discount.

Raw data

Central & Norgate Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30% Discount	40% Discount	50% Discount
2 Bed House (95K)	£343.00	£294.00	£245.00
3 Bed House (110K)	£397.00	£340.00	£284.00
4 Bed House (124K)	£448.00	£384.00	£320.00

Nelson Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (75K)	£271.00	£232.00	£193.00
3 Bed House (91½K)	£330.00	£283.00	£236.00
4 Bed House (117K)	£422.00	£362.00	£302.00

Claydon Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (115K)	£415.00	£356.00	£297.00
3 Bed House (140K)	£505.00	£433.00	£361.00
4 Bed House (166½K)	£601.00	£515.00	£429.00

Magdalen Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (120½K)	£435.00	£373.00	£311.00
3 Bed House (150K)	£541.00	£464.00	£387.00
4 Bed House (185K)	£668.00	£572.00	£477.00

Southtown & Cobholm Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
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	30%	40%	50%
2 Bed House (113K)	£408.00	£350.00	£291.00
3 Bed House* (100K)	£361.00	£309.00	£258.00
4 Bed House* (108K)	£390.00	£334.00	£278.00

Bradwell North Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (£159K)	£574.00	£492.00	£410.00
3 Bed House (188½K)	£681.00	£584.00	£487.00
4 Bed House (261K)	£942.00	£808.00	£673.00

Lothingland Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (164K)	£592.00	£507.00	£423.00
3 Bed House (170K)	£614.00	£526.00	£438.00
4 Bed House (250K)	£902.00	£774.00	£645.00

Bradwell South & Hopton Ward First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (157K)	£567.00	£486.00	£405.00
3 Bed House (190K)	£686.00	£588.00	£490.00
4 Bed House (280K)	£1,011.00	£866.00	£722.00

West Flegg Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (150K)	£541.00	£464.00	£387.00
3 Bed House (212½K)	£767.00	£658.00	£548.00
4 Bed House (325K)	£1,173.00	£1,006.00	£838.00

East Flegg Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
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	30%	40%	50%
2 Bed House (158¾K)	£573.00	£491.00	£409.00
3 Bed House (175K)	£632.00	£541.00	£459.00
4 Bed House (300K)	£1,083.00	£928.00	£774.00

Ormesby Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (138K)	£498.00	£427.00	£356.00
3 Bed House (194,375)	£702.00	£601.00	£501.00
4 Bed House (277½K)	£1,002.00	£859.00	£716.00

Caister South Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (149½K)	£540.00	£463.00	£385.00
3 Bed House (173K)	£625.00	£535.00	£446.00
4 Bed House (300K)	£1,083.00	£928.00	£774.00

Caister North Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (143K)	£516.00	£442.00	£369.00
3 Bed House (178532)	£644.00	£552.00	£460.00
4 Bed House (253¾K)	£916.00	£785.00	£654.00

Fleggburgh Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (170K)	£614.00	£526.00	£438.00
3 Bed House (300K)	£1,083.00	£925.00	£774.00
4 Bed House (361¼K)	£1,304.00	£1,118.00	£931.00

Yarmouth North - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
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	30%	40%	50%
2 Bed House (119¼K)	£432.00	£371.00	£309.00
3 Bed House (135K)	£487.00	£418.00	£348.00
4 Bed House (238¾K)	£862.00	£739.00	£616.00

St Andrews Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (113050)	£408.00	£350.00	£292.00
3 Bed House (139¼K)	£503.00	£431.00	£359.00
4 Bed House			

Gorleston Ward - First Homes (based on mortgage @ 4.8% over 25 years and a 10% deposit)			
	30%	40%	50%
2 Bed House (121½K)	£439.00	£376.00	£313.00
3 Bed House (145K)	£523.00	£449.00	£374.00
4 Bed House (242½K)	£875.00	£750.00	£625.00