



Ministry of Housing,
Communities &
Local Government

Draft Planning Practice Guidance

Draft updates to planning guidance which will form part of the Government's online Planning Practice Guidance



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Viability

Viability - An overview

Viability assessment is a process of assessing whether a site is financially viable, by looking at whether the value generated by a development is more than the cost of developing it.

This National Planning Guidance sets out the Government's recommended approach to viability assessment for planning. The approach supports transparency in the viability assessment process so that it is clear what policy requirements will inform planning decisions including the contributions that will be expected from developers. It will support accountability for communities by enabling them to understand the outcomes of viability assessment and see what infrastructure and affordable housing has been delivered through developer contributions.

Plans should set out policy requirements for the contributions expected from different types of development and, where necessary, from different sites. In particular this should set out policy requirements for the level and types of affordable housing, and for supporting infrastructure including (but not limited to) education, transport, health, green infrastructure, and digital infrastructure.

The National Planning Policy Framework says that plans should be prepared positively in a way that is aspirational but deliverable. This means that policies should be realistic and the total cumulative cost of all relevant policies should not be of a scale that will make development unviable.

Policy requirements, particularly for affordable housing, should be set at a level that allows for sites allocated in the plan to be delivered without the use of further viability assessment at the decision making stage. The use of viability assessment at the decision making stage should not be necessary. Where proposals for development accord with all the relevant policies in an up-to-date development plan no viability assessment should be required to accompany the application. Plans should however set out circumstances in which viability assessment at the decision making stage may be required.

Any viability assessment should be supported by evidence informed by engagement with developers, landowners, infrastructure and affordable housing providers. Any viability assessment should follow the Government's recommended approach to assessing key factors as set out in National Planning Guidance and be proportionate, simple, transparent and publicly available.

How does this National Planning Guidance relate to sector-led guidance on viability assessment?

A range of other sector led guidance on viability is widely available which practitioners may wish to refer to. The National Planning Policy Framework, supported by this National Planning Guidance, sets out the Government's recommended approach to viability assessment for planning.

Does this National Planning Guidance apply to viability assessment for the purposes of setting a Community Infrastructure Levy (CIL) charge?

[Community Infrastructure Levy \(CIL\)](#) came into force in April 2010 and allows local authorities in England and Wales, and the Mayor of London, to raise funds from new development to help fund infrastructure. [Section 106 of the Town and Country Planning Act 1990](#) enables a local planning authority to seek agreement from developers to enter into [planning obligations](#) to provide affordable housing and infrastructure to mitigate the impact of development. The principles for assessing viability apply to both Community Infrastructure Levy and section 106 planning obligations. The Community Infrastructure Levy has separate guidance on viability and charge setting and this should also be referred to. Above all, consistency between the approach to viability assessment for plan making, decision making, section 106 planning obligations and CIL is required.

Viability and plan making

How should viability be assessed in plan making?

The role for viability assessment is primarily at the plan making stage. Drafting of plan policies should be iterative and informed by engagement with landowners, developers, infrastructure and affordable housing providers. Plans should be informed by evidence of infrastructure and affordable housing need and an assessment of viability that takes into account all relevant policies, local, and national standards including for developer contributions. Viability assessment should not compromise the quality of development but should ensure that policies are realistic and the total cumulative cost of all relevant policies is not of a scale that will make development unviable.

Should every site be assessed for viability in plan making?

To assess the viability of proposed site allocations site typologies may be used to assess viability in plan making. A typology approach is where sites are grouped by shared characteristics such as the location, current and proposed use (including whether brownfield or greenfield), or size of site. The characteristics used to group sites should reflect the nature of sites proposed for allocation in the plan.

Average costs and values can be used to make assumptions about how the viability of each type of site would be affected by all relevant policies. Comparing data from comparable case study sites will help ensure that the assumptions of costs and values are realistic and broadly accurate. In using comparable data having regard to outliers (very high or very low values that skew the average) is important to provide an accurate base from which to apply typologies.

A masterplan approach can be helpful in creating sustainable locations, identifying cumulative infrastructure requirements of development across the area and assessing the impact on scheme viability.

How should strategic sites be assessed for viability in plan making?

It is important to consider the specific circumstances of strategic sites. Plan makers can undertake individual site specific viability assessment for sites that are critical to delivering

the strategic priorities of the plan, which could include, for example, large sites, sites that provide a significant proportion of planned supply, sites that enable or unlock other development sites or sites within priority regeneration areas.

How should site promoters engage in viability assessment in plan making?

Plan makers should engage with landowners, developers, infrastructure and affordable housing providers to secure evidence on costs and values to inform viability assessment at the plan making stage. In the absence of this evidence the site should not be allocated. Plan makers should indicate in plans where further evidence and viability assessment may be required.

It is important for developers and other parties buying (or interested in buying) land to have regard to the total cumulative cost of all relevant policies when agreeing a price for the land. The price paid for land is not a relevant justification for failing to accord with relevant policies in the plan.

Viability and decision making

What should plans say about viability assessment at the decision making stage?

Plans should set out defined circumstances in which viability assessment at the decision making stage and when the use of review mechanisms may be required. This could include, for example, where development is proposed on unallocated sites; where further information on infrastructure costs is required; where particular types of development are proposed which may significantly vary from standard models of development for sale (for example build to rent); or where a significant change in economic conditions since plan adoption results in a significant difference in costs and values.

Should viability be assessed in decision making?

As set out in the [draft revised] National Planning Policy Framework the use of viability assessment at the decision making stage should not be necessary. Proposals for development should accord with the relevant policies in an up-to-date development plan and where they do no viability assessment should be required to accompany the application.

Plans should identify circumstances where further viability assessment may be required at the decision making stage. Where viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan; and the applicant should provide evidence of what has changed since then. Any viability assessment should reflect the Government's recommended approach to defining key inputs as set out in National Planning Guidance.

How can review mechanisms be used to amend developer contributions during the lifetime of a project?

It is important that local authorities are sufficiently flexible to prevent planned development being stalled in the context of significant changes in costs and values that occur after a plan is adopted. Including policies in plans that set out when and how review mechanisms

may be included in section 106 agreements will help to provide more certainty through economic cycles.

For all development where review mechanisms are appropriate they can be used to amend developer contributions to help to account for significant changes in costs and values over the lifetime of a development. Review mechanisms can be used to re-apportion or change the timing of contributions towards different items of infrastructure and affordable housing. This can help to deliver sites that would otherwise stall as a result of significant changes in costs and values of the lifetime of a development.

As the potential risk to developers is already accounted for in the assumptions for developer return in viability, realisation of risk does not necessitate further viability assessment or trigger a review mechanism.

How can review mechanisms be used to apportion any significant increase in the gross development value of a development?

For large or multi-phased development review mechanisms can be used to capture increases in scheme value that occur over the lifetime of a development.

Plans which set out how any significant increase in the overall value of a large or multi-phased development identified through review mechanisms will be apportioned between the local authority (for example for infrastructure and affordable housing) and the developer will provide more certainty for delivering supporting infrastructure.

Standardised inputs to viability assessment

How should gross development value be defined for the purpose of viability assessment?

Gross development value is an assessment of the value of development. For residential development, this may be total sales and/or capitalised net rental income from developments. Grant and other external sources of funding should be considered. For commercial development broad assessment of value in line with industry practice may be necessary.

For broad area-wide or site typology assessment at the plan making stage, average figures can be used, with adjustment to take into account land use, form, scale, location, rents and yields, having regard to outliers in the data. For housing, historic information about delivery rates can be informative.

For viability assessment of a specific site or development, market evidence (rather than average figures) from the actual site or from comparable existing developments can be used and adjusted to take into account variations in use, form, scale, location, rents and yields, having regard to outliers.

How should costs be defined for the purpose of viability assessment?

Assessment of costs should be based on evidence which is reflective of local market conditions. As far as possible, costs should be identified at the plan making stage. Local authorities should identify where costs are unknown and identify where further viability

assessment will be required to accompany a planning application at the decision making stage as a result.

Costs include:

- build costs based on appropriate data, for example that of the Building Cost Information Service;
- abnormal costs, including those associated with treatment for contaminated sites or listed buildings, or costs associated with brownfield, phased or complex sites. These costs should be taken into account when defining benchmark land value;
- site-specific infrastructure costs, which might include access roads, sustainable drainage systems, green infrastructure, connection to utilities and decentralised energy. These costs should be taken into account when defining benchmark land value;
- the total cost of all relevant policy requirements including contributions towards affordable housing and infrastructure, Community Infrastructure Levy charges, and any other relevant policies or standards. These costs should be taken into account when defining benchmark land value;
- general finance costs including those incurred through loans;
- professional, project management, sales, marketing and legal costs incorporating organisational overheads. Any professional site fees should also be taken into account when defining benchmark land value; and
- explicit reference to project contingency costs should be included in circumstances where scheme specific assessment is deemed necessary, with a justification for contingency relative to project risk and developers return.

How should land value be defined for the purpose of viability assessment?

To define land value for any viability assessment, a benchmark land value should be calculated on the basis of the [existing use value \(EUV\)](#) of the land, plus a premium for the landowner. The premium for the landowner should reflect the minimum price at which it is considered a rational landowner would be willing to sell their land. This approach is often called 'Existing Use Value Plus' (EUV+).

In order to establish benchmark land value, plan makers, landowners, developers, infrastructure and affordable housing providers should engage with and provide robust and open evidence to inform this process.

In all cases, benchmark land value should:

- fully reflect the total cost of all relevant policy requirements including planning obligations and, where applicable, any Community Infrastructure Levy charge;
- fully reflect the total cost of abnormal costs; site-specific infrastructure costs; and professional site fees;
- allow for a premium to landowners (including equity resulting from those building their own homes); and
- be informed by comparable market evidence of current uses, costs and values wherever possible. Where recent market transactions are used to inform assessment of benchmark land value there should be evidence that these transactions were based on policy compliant development. This is so that previous prices based on non-policy compliant developments are not used to inflate values over time.

What is meant by existing use value in viability assessment?

Existing use value (EUV) is the first component of calculating a benchmark land value. EUV is the value of the land in its existing use together with the right to implement any development for which there are extant planning consents, including realistic deemed consents, but without regard to other possible uses that require planning consent, technical consent or unrealistic permitted development. Existing use value is not the price paid and should disregard hope value. Existing use values will vary depending on the type of site and development types.

How should Existing Use Value be established for viability assessment?

[Existing use value \(EUV\)](#) for the purpose of assessing the viability of plans should be determined by plan makers in consultation with developers and landowners. When undertaking any viability assessment EUV can be established by assessing the value of the specific site or type of site using published sources of information such as agricultural or industrial land values, or if appropriate capitalised rental levels at an appropriate yield. Sources of data can include (but are not limited to): land registry records of transactions; real estate licensed software packages; real estate market reports; real estate research; estate agent websites; property auction results; valuation office agency; public sector estate/property teams' locally held evidence.

Determining the existing use value of the land should be based on the assumption that no future planning consents will be obtained, but including the value of any consented use.

How should the premium to the landowner be defined for viability assessment?

An appropriate premium to the landowner above [existing use value \(EUV\)](#) should be determined by plan makers in consultation with developers and landowners for the purpose of assessing the viability of plans.

When undertaking any viability assessment, an appropriate minimum premium to the landowner can be established by looking at data from comparable sites of the same site type that have recently been granted planning consent in accordance with relevant policies. The EUV of those comparable sites should then be established.

The price paid for those comparable sites should then be established, having regard to outliers in market transactions, the quality of land, expectations of local landowners and different site scales. This evidence of the price paid on top of existing use value should then be used to inform a judgement on an appropriate minimum premium to the landowner.

Proposed development that accords with all the relevant policies in an up-to-date plan should be assumed to be viable, without need for adjustment to benchmark land values established in the plan making viability assessment. Where a viability assessment does accompany a planning application the price paid for land is not relevant justification for failing to accord with relevant policies in the plan.

How should a return to developers be defined for the purpose of viability assessment?

For the purpose of plan making an assumption of 20% of Gross Development Value (GDV) may be considered a suitable return to developers in order to establish viability of the plan policies. A lower figure of 6% of GDV may be more appropriate in consideration of delivery of affordable housing in circumstances where this guarantees an end sale at a known value and reduces the risk. Alternative figures may be appropriate for different development types e.g. build to rent. Plan makers may choose to apply alternative figures where there is evidence to support this according to the type, scale and risk profile of planned development.

Where proposals for development accord with all the relevant policies in an up-to-date development plan no viability assessment should be required to accompany the application. Where a viability assessment is submitted to accompany a planning application this should be based upon and refer back to the viability assessment that informed the plan; and the applicant should provide evidence of what has changed since then. Potential risk is accounted for in the assumed return for developers at the plan making stage. It is the role of developers, not plan makers or decision makers, to mitigate these risks. The cost of complying with policy requirements should be accounted for in benchmark land value.

How does viability assessment apply to the build to rent sector?

The economics of build to rent schemes differ from build for sale as they depend on a long term income stream. For build to rent it is expected that the normal form of affordable housing provision will be affordable private rent. Where plan makers wish to set affordable private rent proportions or discount levels at a level differing from national planning policy and guidance, this can be justified through a viability assessment at the plan making stage. Developers will be expected to comply with build to rent policy requirements.

However, for individual schemes, developers may propose alternatives to the policy, such as variations to the discount and proportions of affordable private rent units across a development, and the ability to review the value of a scheme (rent levels) over the duration of its life. Plan makers can set out in plans where review mechanisms will be used for build to rent schemes.

Scheme level viability assessment may be improved through the inclusion of two sets of figures, one based on a build to rent scheme and another for an alternative build for sale scheme. This would enable authorities to compare and understand the differences, and agree any necessary adjustments to the affordable private rent contribution.

Accountability

How should a viability assessment be presented and published to ensure accountability?

Complexity and variance is inherent in viability assessment. In order to improve clarity and accountability it is an expectation that any viability assessment is prepared with professional integrity by a suitably qualified practitioner and presented in accordance with this National Planning Guidance.

The inputs and findings of any viability assessment should be set out in a way that aids clear interpretation and interrogation by decision makers. Reports and findings should clearly state what assumptions about costs and values (including gross development value, benchmark land value, developer's return and costs) have been made. At the decision making stage, any deviation from the figures used in the viability assessment of the plan should be explained and supported by evidence.

Should a viability assessment be publicly available?

Any viability assessment should be prepared on the basis that it will be made publicly available other than in exceptional circumstances. Circumstances where it is deemed that specific details of an assessment should be redacted or withheld should be clearly set out to the satisfaction of the decision maker. Information used in viability assessment is not usually specific to that developer and thereby need not contain commercially sensitive data.

An executive summary prepared using the template [template under development] will present the data and findings of a viability assessment more clearly so that the process is accountable. The executive summary template sets out key data and findings which can be published on the planning register alongside other documentation accompanying the application. As a minimum, the Government recommends that the executive summary sets out the gross development value, benchmark land value, costs and return to developer. Where a viability assessment is submitted to accompany a planning application, the executive summary should refer back to the viability assessment that informed the plan and summarise what has changed since then. It should also set out the proposed developer contributions and how this compares with policy requirements.

Why should local authorities monitor and report on developer contributions?

It is important that developers are accountable to communities and that communities are able to easily see where contributions towards infrastructure and affordable housing have been secured and spent.

How should section 106 agreements be published?

Local authorities are required to keep a copy of any planning obligation together with details of any modification or discharge of the planning obligation and make these publicly available on their planning register.

Government recommends that each section 106 agreement includes an executive summary prepared using the standard template [template under development]. The Government recommends that the executive summary sets out details of the development and site, and what is to be provided by each planning obligation, including any trigger points or deadlines for contributions.

Local authorities are expected to use all of the funding they receive through planning obligations in accordance with the terms of the individual planning obligation agreement. This will ensure that new developments are acceptable in planning terms; benefit local communities and support the provision of local infrastructure.

How should developer contributions be monitored?

Using the executive summary of each section 106 agreement, Government recommends that local authorities record the details of each planning obligation using the standard open data monitoring tool [tool under development].

How should developer contributions be reported?

Local authorities charging CIL must report on the levy as prescribed under [regulation 62 of the Community Infrastructure Regulations 2010](#) (as amended). Parish and town councils must also report on CIL receipts passed to them from the charging authority through the neighbourhood portion of the levy, as prescribed in regulation 62A.

Using data on CIL and planning obligations, the Government recommends that local authorities prepare an infrastructure funding statement using the standard template in an open data format [template under development] that sets out infrastructure requirements, and for both CIL and section 106 planning obligations, anticipated funding from developer contributions, and the choices local authorities have made about how these contributions will be used.

The infrastructure funding statement should be reviewed annually to report on the amount of funding received via developer contributions and how this funding has been used. The infrastructure funding statement should include information on, but is not limited to, affordable housing, education, health, transport, green infrastructure and digital infrastructure. The infrastructure funding statement should be published annually online and submitted to MHCLG. Local authorities can also report this data in annual monitoring reports, using an open data format where possible.

How can local authorities fund monitoring of developer contributions?

Local authorities can use their existing administrative systems to monitor developer contributions. Government recommends that local authorities use the open data monitoring and reporting templates [templates under development]. This monitoring will complement and enhance the existing CIL monitoring regimes of authorities in order that local communities are better informed of the infrastructure and affordable housing that is being delivered alongside a new development and the timescales for delivery.

How should monitoring and reporting inform plan reviews?

The information in the infrastructure funding statement should feed back into reviews of plans to ensure that policy requirements for developer contributions remain realistic.

How should local authorities and applicants promote the benefits of development to communities?

Local authorities and applicants are encouraged to work together with applicants to better promote and publicise the infrastructure that has been delivered through developer contributions. This could be through the use of on-site signage, local authority websites, or development-specific websites, for example.

Housing Delivery

Five year land supply

What is a five year land supply?

The National Planning Policy Framework sets out that plan makers should maintain a supply of specific deliverable sites sufficient to provide five years' worth of housing against their housing requirements. Therefore local planning authorities should have an identified five year housing land supply at all points during the plan period. This can include a five year land supply identified through an annual position statement.

Why do authorities need to demonstrate a five year land supply?

The five year land supply indicates there are sufficient sites to meet the plan requirements for the next five years and that these sites are deliverable now. If an area cannot demonstrate a five year land supply the presumption in favour of sustainable development will apply to enable the development of additional sites to meet the plan requirement. An authority will need to be able to demonstrate a five year land supply at any point to deal with applications and appeals. A five year supply of deliverable housing sites, with the appropriate buffer, can be demonstrated where it has been established in a recently adopted plan, or in a subsequent annual position statement

What is the starting point for the five year land supply?

Housing requirement figures in local and strategic plans should be used as the starting point for calculating the five year land supply. Where the plan is more than five years old and the housing figure needs revising, the starting point will be local housing need using the standard method.

How can shortfalls in housing completions against planned requirements be addressed?

A shortfall will occur when completions fall below the housing requirement in the plan over a relevant time period. The level of deficit or shortfall should be calculated from the base date of the adopted plan and should be added to the plan requirements for the next five year period.

Shortfalls may be calculated:

- from the base date of the plan, where less than five years have elapsed since adoption;
- from the base date of the plan if a published review of a plan has established the requirement figure is still appropriate; or
- using the Local Housing Need figure from the introduction of the standard methodology where more than five years have elapsed since adoption and a revised plan has not been adopted.

What counts as a completion?

For the purposes of calculating five year land supply, housing completions include conversions, changes of use and demolitions and redevelopments. Completions should be net figures, so should offset any demolitions.

How should authorities count bringing empty homes back into use?

To be included as a contribution to completions it would be for the authority to ensure that empty homes had not already been counted as part of the existing stock of dwellings to avoid double counting.

How should authorities count student housing completions?

All student accommodation, whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus, can be included towards the housing requirement, based on the amount of accommodation it releases in the housing market. Local authorities should take steps to avoid double-counting. Authorities should use the published ratios based on census data and apply this both to communal establishments and to multi bedroom self-contained student flats. Studio flats in mixed developments designed for students, graduates or young professionals should be counted as individual completions. A studio flat is defined as a one-room apartment with kitchen facilities and a separate bathroom that fully functions as an independent dwelling.

How should authorities count older people's housing completions?

Local planning authorities will need to count housing provided for older people, including residential institutions in Use Class C2, against their housing requirement. The published ratios based on census data should be applied to residential institutions to derive an appropriate number of completions.

Can previous over-supply of housing be considered when determining the objectively assessed need for housing?

Where areas deliver more completions than the plan requirement or local housing need, the additional supply can be used to reduce or address shortfalls against requirements from previous years.

How quickly should past shortfalls be addressed?

Local planning authorities should deal with deficits or shortfalls against planned requirements within the first five years of the plan period. If an area wishes to deal with past under delivery over a longer period, then this should be established as part of the plan making and examination process rather than on a case by case basis on appeal.

Where local planning authorities are unable to address past shortfalls over a five year period due to the scale of shortfalls they may need to reconsider their approach.

Where should buffers be added?

To ensure that there is a realistic prospect of achieving the planned level of housing supply, plan makers should bring forward additional sites from later in the plan period, over and above the level indicated by the plan requirement, and any shortfall or where

applicable the local housing need figure. These additional sites will provide additional flexibility and more certainty that authorities will be able to deliver the plan requirement.

Paragraph 74 of the National Planning Policy Framework sets out the buffers, which should be added at the end of the five year land supply calculations. The buffers are not cumulative, meaning that an authority should add either a 5%, 10% or 20% buffer, as appropriate. Authorities seeking to demonstrate [a confirmed five year supply of specific deliverable housing sites](#) will need to apply either a 10% or 20% buffer, as appropriate.

What is the starting point for five year housing land supply calculations in National Parks and Development Corporations?

For annual assessments, housing requirements in local and strategic plans that are less than five years old will be the starting point in all areas.

Where plans are more than five years old in National Parks and the Broads Authority, the most appropriate locally derived housing requirement figure from an existing or emerging local plan may be used. To ensure sufficient weight can be attached to requirements in emerging plans, these will need to have reached submission stage.

Where Mayoral Development Corporations (MDCs) have plan making powers and there is no plan that is less than five years old, emerging plan requirements may be used in the same way. For Development Corporations which do not have, or do not exercise, plan making powers the requirement will be set in the relevant strategic plans and monitored by the local authority.

How should all local planning authorities review their five year land supply annually?

All local authorities should ensure that they carry out their annual assessment of their five year land supply in a robust and timely fashion, based on up-to-date and sound evidence, taking into account the anticipated trajectory of housing delivery, consideration of associated risks and an assessment of the local delivery record. Where they are seeking to confirm their land supply once in a given year their assessment will need to be in the form of an [annual position statement](#).

The examination of development plan documents which allocate housing sites will include the consideration of the deliverability of sites to meet a five year supply, in a way that cannot be replicated in the course of determining individual applications and appeals where only the applicant's/appellant's evidence is likely to be presented to contest an authority's position.

Local authorities may need to develop a range of assumptions and benchmarks to help to inform and test assessments. Assumptions can include lapse/non implementation rates in permissions, lead in times and build rates and these assumptions and yardsticks can be used to test delivery information or can be used where there is no information available from site owners/developers to inform the assessment. Assumptions should be based on clear evidence, consulted upon with developer groups and regularly reviewed and tested against actual performance on comparable sites. Tables of assumptions should be clear and transparent and available as part of assessments.

Local planning authorities may also need to use past evidence of delivery in their local markets, by types and sizes of developers and types of sites, to test and inform assessments. This approach will ensure the assessment of delivery of sites will be as robust as possible.

What information will annual reviews of five year land supply, including annual position statements, need to include?

Assessments need to be realistic and made publicly available in an accessible format as soon as they have been completed. Assessments will be expected to include information on:

- sites with detailed planning permission- details of numbers of homes under construction and completed each year; and where delivery has not progressed as expected, a commentary indicating the reasons for delays to commencement on site or slow build out rates;
- small sites- details of current planning status and record of completions and homes under construction by site;
- sites with outline consent or allocated in adopted plans or with permission in principle identified on Part 2 of brownfield registers – information about current planning status, timescales and progress towards detailed permission;
- permissions granted for windfall development by year and how this compares with the windfall allowance;
- details of demolitions and planned demolitions which will have an impact on net completions;
- total net completions from plan base date by year (broken down into types of development e.g. affordable housing); and
- the five year land supply calculation clearly indicating buffers and shortfalls and number of years of supply.

What constitutes a ‘deliverable site’ in the context of housing policy?

As set out in the glossary to the National Planning Policy Framework, to be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. Small sites, and sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (e.g. they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans). Sites with outline planning permission, permission in principle, allocated in the development plan or identified on a brownfield register should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.

How can authorities demonstrate deliverability as part of plan preparation?

In order to demonstrate five years’ worth of deliverable housing sites, plan makers will need to provide robust, up to date evidence to support plan preparation. Their judgements on deliverability will need to be clearly and transparently set out. Plan makers may also consider how they can involve people with an interest in delivery in assessing the deliverability of sites. They may develop benchmarks and assumptions based on

evidence of past trends for development lead in times and build out rates. Testing these assumptions with developers and using them to inform assessments of deliverability can also make deliverability assessments more robust.

Where relevant, plan makers will need to consider the recommendations from any action plans prepared as a result of past under delivery (as measured by the [Housing Delivery Test](#)), and build in relevant measures to improve the assessment of deliverability.

For areas opting to confirm their five year land supply as part of their plan process guidance is [provided in the 'Demonstrating a confirmed five year land supply' section](#).

What happens in areas with stepped rather than annual average requirements?

As an alternative to using an annual average requirement, plan makers are able, where justified, to reflect their plan trajectory more closely by using a series of stepped requirements.

A stepped requirement may be necessary where there is to be a significant change in the level of housing requirements between the emerging and previous adopted plan and/or where strategic sites are likely to be delivered later in the plan period. Plan makers will need to set out evidence to support using stepped requirement figures at the plan making and examination stage, and not seek to unnecessarily delay meeting identified development needs.

Stepped trajectories will need to ensure that plan requirements are met fully within the plan period.

Where plan makers have reflected the plan trajectory with stepped rather than average annual requirements, the five year land supply will be measured against the specific stepped requirements for the particular five year period.

What happens in areas with requirements set out as a range?

Where plan makers have successfully argued through plan making and examination for a requirement set out as a range, the five year land supply will be measured against the lower end of the range; but only where this reflects local housing need plus – where relevant – any need they have agreed to take from other areas as evidence by a statement of common ground.

How will areas with joint plans be monitored for the purposes of a five year land supply and the Housing Delivery Test?

Areas which have or are involved in the production of joint plans will have the option to monitor their five year land supply and Housing Delivery Test over the whole of the joint planning area or on a single authority basis. This will be established through the plan making process and the approach to be taken will need to be set out in the plan. For joint plans less than five years old in November 2018 this will be made clear in the Authority Monitoring Report.

Where the five year land supply and Housing Delivery Test is to be measured on a single authority basis, annual housing requirement figures for the joint planning area will need to be apportioned to each area in the plan. If the area is monitored jointly, any consequences will also apply jointly.

When and for how long does the Housing Delivery Test indicate the 20% land supply buffer should apply?

For local planning authorities where delivery is under 85% of their identified housing requirement, the buffer will be increased to 20%, with immediate effect from the publication of Housing Delivery Test results, to ensure a realistic prospect of achieving the planned housing requirement.

The 20% buffer will continue to apply until the Housing Delivery Test shows that delivery exceeds 85% of the local planning authority's identified housing requirement.
Demonstrating a confirmed five year land supply

How can local authorities demonstrate a confirmed five year land supply in a given year?

All local authorities should be able to demonstrate a five year land supply. The National Planning Policy Framework gives local planning authorities the opportunity to demonstrate a confirmed five year supply of specific deliverable housing sites, as part of the plan examination and then annually following adoption (if the plan is up to date), through the preparation of an annual land supply position statement.

In order to ensure that the five year land supply is sufficiently flexible and robust to be demonstrated once in a given year, a minimum 10% buffer should be added to the housing requirement to account for fluctuations in the market over the year. Where the Housing Delivery Test indicates that delivery has fallen below 85% of the requirement, a 20% buffer should be added instead.

If plan makers choose to confirm their five year supply as part the preparation of development plan document they will need to ensure they have carried out a sufficiently robust assessment of the deliverability of sites as this will be considered in detail as part of the examination of the plan. The Inspector's Report will provide recommendations in relation to the land supply and will enable the authority, where the authority accept the recommendations, to confirm that they have demonstrated a five year land supply in a recently adopted plan. This will enable areas to prepare an annual position statement at the next possible opportunity and continue to demonstrate a five year supply once in a given year.

How is five year land supply confirmed through an annual position statement?

Where a local planning authority subsequently chooses to confirm their five year land supply position in a given year through an annual position statement, they will need to advise the Planning Inspectorate of their intention by 1 April each year. To ensure the robustness of the assessment of the deliverability of sites, the local planning authority is advised to carry out an engagement process to inform the preparation of the annual position statement.

What engagement should the authority undertake?

All local planning authorities should engage with stakeholders who have an impact on delivery of sites. The aim of the engagement is to provide challenge and ultimately seek as much agreement as possible on the potential level of delivery on sites which contribute to the five year land supply. Those authorities who are seeking to demonstrate a confirmed five year land supply will need to produce an engagement statement and submit this to the Planning Inspectorate, including:

- an overview of the process of engagement with site owners/applicants, developers and other stakeholders and a schedule of site based data resulting from this;
- the conclusions which have been reached about the overall five year land supply position; and
- the conclusions which have been reached on each site by the stakeholder group, identifying specifically any disputed sites where consensus on likely delivery has not been reached, as well as an indication of the impact of any disputed sites on the number of years of supply.

Who should the authority engage with?

It is for the local planning authority to decide which stakeholders to involve, however representatives should include, but not be limited to:

- small and large developers;
- land promoters;
- private and public land owners;
- infrastructure providers (such as utility providers, highways, etc);
- upper tier authorities (County Councils) in non-unitary areas;
- neighbouring authorities with adjoining or cross-boundary sites.

How should sites without planning permission be included?

Where there are sites without the benefit of planning permission more detailed commentary and evidence should be provided, in line with the definition of deliverable, to include:

- any progress being made towards the submission of an application;
- any progress with site assessment work; and
- any relevant information about site viability, ownership constraints or infrastructure provision which has informed the conclusions about likely deliverability.

What happens where there is disagreement about sites?

All local planning authorities should seek as much agreement as possible on the potential level of delivery on sites which contribute to the five year land supply. For those seeking to demonstrate a confirmed five year land supply, where agreement on delivery of a particular site has not been reached through the engagement process, the Planning Inspectorate will consider the evidence provided by both the local authority and stakeholders in the engagement statement and annual position statement and make recommendations about likely site delivery in relation to those sites in dispute. The authority should identify this in their submission to the Planning Inspectorate, providing evidence of their position and the position of other stakeholders.

What can an authority do once the Planning Inspectorate has provided recommendations?

For those seeking to demonstrate a confirmed five year land supply, if they can still demonstrate a five year land supply with a minimum 10% buffer once they have considered and accepted the recommendations of the Planning Inspectorate they will benefit from being able to demonstrate a five year land supply until the preparation of their next annual assessment. The local authority will need to publish their draft annual position statement, the recommendations of the Planning Inspectorate and their decision on the recommendations indicating whether they are in a position to confirm their five year land supply position for a one year period.

How can those with an interest in delivery such as land owners and developers be involved in five year housing land annual assessments?

To ensure that annual assessments of five year land supply are realistic and robust, authorities will need to maintain regular contact with site owners, applicants and developers (representing both small and large companies) to ascertain their intentions for delivery of sites. Local planning authorities may also need to involve those with an impact on site delivery to test delivery assessments and to help identify where delivery constraints or market conditions may lead to delays. Local planning authorities may wish to set up an assessment and delivery group which could contribute towards Housing and Economic Land Availability Assessments, annual five year land supply assessments and [Housing Delivery Test action plans](#) for delivery of housing. Delivery groups can assist authorities to not only identify any delivery issues but also help to find solutions to address them.

Housing Delivery Test

How is the Housing Delivery Test calculated?

The methodology for calculating the Housing Delivery Test measurement is set out in the [Housing Delivery Test Measurement Rule Book](#).

When will the Housing Delivery Test results be published?

The Secretary of State will publish annually the Housing Delivery Test result for each local planning authority in England in November.

What happens if delivery of the entire identified housing requirement in a local planning authority is not met?

If delivery of housing falls below the housing requirement, then certain consequences will apply, with immediate effect from the publication of Housing Delivery Test results, depending on the level of delivery:

- The publication of an action plan if housing delivery falls below 95%;
- A 20% buffer on a local planning authority's five-year land supply if housing delivery falls below 85%; and
- The presumption in favour of sustainable development if housing delivery falls below 75%, once transitional arrangements have ended.

The consequences will apply until subsequent Housing Delivery Test results demonstrate that delivery exceeds the required rate of delivery in the following year.

How will Housing Delivery Test consequences apply to areas with a joint plan?

Housing Delivery Test consequences will apply to all local planning authorities with a joint plan collectively if the housing figure used to measure against the delivery test is the joint housing requirement, and will apply individually if the housing figure used is the apportioned one.

How will Housing Delivery Test consequences apply to areas covered by a spatial development strategy?

Housing Delivery Test consequences will apply to local planning authorities covered by a spatial development strategy individually, as triggered by the level of under-delivery of each.

At what rate of delivery does the presumption in favour of sustainable development apply?

If a plan-making authority's delivery rate falls below the number of homes required then the presumption in favour of sustainable development will apply in the following circumstances:

- From the day following the publication of the 2018 Housing Delivery Test result, the presumption will apply if housing delivery falls below 25%;
- From the day following the publication of the 2019 Housing Delivery Test result, the presumption will apply if housing delivery falls below 45%;
- From the day following the publication of the 2020 Housing Delivery Test result, the presumption will apply if housing delivery falls below 75%.

The presumption in favour of sustainable development will remain in place until subsequent Housing Delivery Test results demonstrate that delivery exceeds the required rate of delivery in the following year.

What is an action plan?

The action plan is a document produced by the local planning authority to reflect challenges and identify actions to address under-delivery against the housing requirement in the area. The document's purpose is to detail the reasons for under-delivery and the steps the authority intends to take in mitigation and drive up delivery in the area. A good action plan will identify ways to reduce the risk of further under-delivery and set out the case for measures to maintain or improve levels of delivery.

Who can produce an action plan?

Local planning authorities, in collaboration with key stakeholders, where delivery is below 95% of their housing requirement, as set out in an up to date plan, are expected to produce an action plan. This will apply for each year of under-delivery.

Local planning authorities where delivery meets, or exceeds, 95% of their housing requirement may wish to produce an action plan as a matter of good practice or to identify processes to exceed housing targets in order to demonstrate best practice.

Although the Housing Delivery Test does not apply to National Park Authorities and development corporations without all plan making and decision taking functions, if the identified housing need is not met for these areas we would encourage the use of an action plan to help identify causes of under-delivery and actions to address these.

Who can be involved in the creation of the action plan?

The action plan needs to be produced by the local planning authority, involving relevant stakeholders in the process. It is for the local planning authority to decide which stakeholders to involve in the formation of the document, however representatives of those with an impact on the rate of delivery in the area should be included, such as, but not limited to:

- Small and large developers;
- Land promoters;
- Private and public land owners;
- Infrastructure providers (such as utility providers, highways, etc);
- Upper tier authorities (County Councils) in non-unitary areas;
- Neighbouring authorities with adjoining or cross-boundary sites.

What aspects could local planning authorities review as part of the action plan?

In drafting the Action Plan, the local planning authority may wish to include an analysis of under-delivery considering:

- The information and issues identified in the Authority Monitoring Report;
- How the five year land supply, including brownfield, public sector land and small sites, is currently meeting housing needs;
- Barriers to delivery on sites that are part of the five year land supply (such as pre-commencement conditions, lengthy S106 negotiations, land banking, statutory consultees, affordable housing, scheme viability, provision of infrastructure and utilities etc.);
- The local planning authority's level of engagement with key stakeholders (for example, landowners, developers, utility providers and statutory consultees), to identify more land and encourage the increase of pace of delivery;
- Issues that could be addressed at a strategic level, both within the authority, with neighbouring authorities and upper tier authority where applicable (for example infrastructure, transport, etc.);
- Whether proactive pre-planning application discussions are taking place to speed up determination periods;
- Whether enough planning permissions are being granted to meet the required levels of housing and whether they are being determined within the statutory time limits;
- Barriers to earlier building commencement after planning permission is granted and assess whether sites with planning permission are delivered within the allotted time;

- Whether the mix of sites identified for development is proving effective in delivering the anticipated rate of delivery.

What actions could local planning authorities consider as part of the action plan?

Local planning authorities will need to identify actions to boost delivery, this could include:

- Revisiting the Strategic Housing Land Availability Assessment (SHLAA)/ Housing and Economic Land Availability Assessment (HELAA) to identify sites or broad areas which may be suitable for housing development, available and achievable, including public sector land and brownfield land;
- Working with developers to see whether more outlets can be provided on site, or whether sites can be subdivided;
- Offering more pre-application discussions to ensure issues are identified early;
- Consider the use of Planning Performance Agreements;
- Carrying out a new Call for Sites, as part of plan revision;
- Utilising public land for development (for example, selling off Council assets);
- Revising policies in their development plan in order to allocate sites for housing, revise existing policies which are acting as a barrier to delivery, or set out policies which could pro-actively address under-delivery, or accelerating production of an emerging plan which may include such policies;
- Reviewing the impact of any existing Article 4 directions for the change of use from non-residential uses to residential use;
- Engaging regularly with key stakeholders to obtain up-to-date information on the build out of current sites, identify any barriers, and discuss how these can be addressed;
- Determining the possibility of prioritising certain applications, simplifying conditions, phasing condition discharge on approved sites, and reviewing standardised conditions;
- Ensuring that evidence on a particular site is informed by an understanding of viability;
- Considering using compulsory purchase powers to unlock suitable housing sites;
- Using Brownfield Registers to grant permission in principle to previously developed land;
- Encourage the development of small sites and higher densities on all sites

What is the time-frame for an action plan?

To ensure the document is of optimal impact, local planning authorities should publish an action plan within six months of the publication of the Housing Delivery Test result.

Will an action plan require formal public consultation?

The action plan needs to be a publicly accessible document. The decision to consult on an action plan is at the discretion of the local planning authority. Local planning authorities should be mindful of the need to both produce and implement the document's proposals in a timely fashion.

Local Housing Need Assessment

The approach to assessing need

What is the purpose of the guidance?

This guidance supports plan-making authorities in assessing and evidencing development needs for housing (both market and affordable) including the local housing need assessment as set out in the National Planning Policy Framework. [Neighbourhood planning guidance](#) sets out how this can be considered when preparing neighbourhood plans.

What approach should be used?

The National Planning Policy Framework expects strategic plan-making authorities to follow the standard approach for assessing local housing need set out below, unless there are exceptional circumstances that justify an alternative. The standard approach relies on publicly available and robust data.

STEP 1 - SETTING THE BASELINE

National [Household projections](#), for the area of the local authority, provide the starting point.

The household projections are produced by applying projected household representative rates to the population projections published by the Office for National Statistics. Projected household representative rates are based on trends observed in Census and Labour Force Survey data.

The household projections are trend based, meaning that they provide the household levels and structures that would result if the assumptions based on previous demographic trends in the population and rates of household formation were to be realised in practice. They do not attempt to predict the impact that future government policies, changing economic circumstances or other factors might have on demographic behaviour.

The most recent official projections need to be used to calculate the average annual household growth over a 10 year period.

STEP 2 - AN ADJUSTMENT TO TAKE ACCOUNT OF MARKET SIGNALS

An important consideration in assessing an appropriate level of housing is the affordability of homes, which means that projected household growth needs to be adjusted to take account of market signals.

Median affordability ratios, published by the Office for National Statistics at a local authority level, should be used for adjusting household projections. The affordability ratios compare the median house prices to median workplace earnings. Plan-making authorities should use the most recent year for which data is available.

Each 1% increase in the ratio of house prices to earnings above 4 results in a quarter of a per cent increase in need above projected household growth. The precise formula is as follows:

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25$$

The local housing need figure is therefore as follows:

Local housing need = (1+adjustment factor) x projected household growth

So, for example, an area with a projected household growth of 132 a year would have an annual need of:

- 132 if average house prices were 4 times local average earnings
- 165 if average houses prices were 8 times local average earnings
- 198 if average house prices were 12 times local average earnings

STEP 3 - CAPPING THE LEVEL OF ANY INCREASE

The market adjustment could lead to a significant increase in the local housing need in some parts of the country. To help ensure the method is deliverable, a cap on the local housing need may be applied. The appropriate cap will depend on the current status of the plan in each authority as follows:

- a. for those authorities that have reviewed their plan (including a review of local housing need) or adopted their plan in the last five years, a cap may be applied to their new annual local housing need figure at 40% above the average annual requirement figure currently set out in their plan; or
- b. for those authorities that have not reviewed their plan (including a review of local housing need) or adopted their plan in the last five years, a cap may be applied to their new annual local housing need figure at 40% above whichever is higher of the projected household growth for their area over the 10 years (using Office for National Statistics' household projections), or the annual housing requirement figure set out in their most recent plan if one exists.

Can plan-making authorities apply constraints to the assessment of development needs?

Plan-making authorities should not apply constraints to the overall assessment of need. Limitations including supply of land, capacity of housing markets, viability, infrastructure, Green Belt or environmental designations, are considerations when assessing how to meet need. These types of considerations are not relevant to assessing the scale of that need.

How can plan-making authorities apply the method to the plan period?

The method can be applied to the whole plan period. However, local planning authorities are required to review their plans every five years. This will ensure that plans are based on the most up-to-date and accurate available projections.

Deviation from the standard method

Can identified need be higher than the number identified by the standard method?

There may be circumstances where it is justifiable to identify need above the need figure identified by the standard method. The need figure generated by the standard method should be considered as the minimum starting point in establishing a need figure for the purposes of plan production. The method relies on past growth trends and therefore does not include specific uplift to account for factors that could affect those trends in the future. Where it is likely that additional growth (above historic trends identified by household projections) will occur over the plan period, an appropriate uplift may be applied to produce a higher need figure that reflects that anticipated growth. Circumstances where an uplift will be appropriate include, but are not limited to; where growth strategies are in place, strategic level infrastructure improvements are planned, funding is in place to promote and facilitate growth (i.e. Housing Deals, Housing Infrastructure Fund). In these circumstances, the local housing need figure can be reflected as a range, with the lower end of the range being as a minimum the figure calculated using the standard method. Where an alternative approach identifies a need above the local housing need assessment method, the approach will be considered sound, unless there are compelling reasons to indicate otherwise.

Can identified need be lower than the number identified by the standard method?

Plan-making authorities should use the standard method for assessing local housing need unless there are exceptional circumstances to justify an alternative approach. Any deviation which results in a lower housing need figure than the standard approach will be subject to the tests of soundness and will be tested thoroughly by the Planning Inspectorate at examination. The plan-making authority will need to make sure that the evidence base is robust and based on realistic assumptions, and that they have clearly set out how they have demonstrated joint working with other plan-making authorities. In such circumstances, the Planning Inspector will take the number from the standard method as a reference point in considering the alternative method.

Can plan-making authorities use a different method?

Plan-making authorities who wish to depart from the standard approach should have compelling circumstances, which are properly justified and will be subject to examination.

However, where plan-making authorities do not align with local authority boundaries, such as National Parks and the Broads Authority, available data does not allow local housing needs to be calculated using the standard method set out above. Such authorities may continue to identify a housing need figure locally, but in doing so have regard to the best available information on anticipated changes in households as well as local affordability levels.

Implementation of the approach

When should plan-making authorities draw down their number?

Plan-making authorities will need to draw down their local housing need figure at the start of the process for preparing their plans. This number should be kept under review and needs to reflect their current local housing need figure when the plan is submitted for examination.

How often are the projections and affordability ratios updated?

The Government's official population and household projections are generally updated every two years to take account of the latest demographic trends.

Affordability ratios are published every year (usually in March)

For how long can an estimate of local housing need be relied upon?

Local housing need established through the standard method may be relied upon for a period of two years from the time that a plan is submitted to the Planning Inspectorate for examination.

Can plan-making authorities take account of past under delivery of new homes in preparing plans?

When using the standard method it is not necessary to factor in previous levels of under supply into the calculation of local housing need, since any such under delivery will be reflected in the affordability adjustment.

Where an alternative approach is taken, past under delivery should be taken into account.

How should local housing need be calculated where plans cover more than one area?

Local housing need assessments may cover more than one area, in particular where plans are being produced jointly, or where Spatial Development Strategies are prepared by elected Mayors with statutory plan making functions.

In such cases the housing need for the defined area should be at least the sum of the local housing need for each local planning authority within the area. It will be for the relevant planning authorities or elected Mayor to distribute this total housing need figure across the plan area.

Where a Spatial development strategy has been published, local planning authorities should use the local housing need figure in the Spatial development strategy and should not seek to re-visit their local housing need figure when preparing new local plans.

In what circumstances should strategic policies relevant to housing be reviewed earlier than every five years?

If the local housing need figure for an area is higher than that identified in the relevant plan, for example if the previous need figure was subject to a cap or the plan was adopted or submitted prior to the implementation of the standard method, a review of the strategic policies relevant to local housing may be needed earlier than every five years in order to ensure all identified need is planned for as early as possible. Where neighbouring

authorities have adopted plans that do not meet all of their local housing need, an earlier review may also be necessary to assess whether that unmet need can be planned for.

Identifying the need for different types of housing

How can the needs for all types of housing be identified?

Once an overall housing figure has been identified, plan-making authorities will need to break this down by tenure, household type (singles, couples and families) and household size.

Identifying the need for certain types of housing and the needs of different groups such as older people and students is discussed below in more detail.

THE PRIVATE RENTED SECTOR

Tenure data from the Office for National Statistics can be used to understand the future need for private rented sector housing. However, this will be based on past trends. Market signals reflecting the demand for private rented sector housing could be indicated from the level of changes in rents. Evidence can also be sourced from the English Housing Survey, Office for National Statistics Private Rental Index, the Valuation Office Agency, HomeLet Rental Index and other commercial sources.

SELF-BUILD AND CUSTOM HOUSEBUILDING

Most local planning authorities (including all district councils and National Park Authorities) are now required to keep a register of individuals and associations of individuals who are seeking to acquire serviced plots of land in their area in order to build homes for those individuals to occupy. [The Self-build and Custom Housebuilding \(Register\) Regulations 2016](#) set out the requirements. For further details, see [guidance on self-build and custom housebuilding registers](#). In order to obtain a robust assessment of demand for this type of housing in their area, local planning authorities should supplement the data from the registers with secondary data sources such as: building plot search websites, 'Need-a-Plot' information available from the Self Build Portal, and enquiries for building plots from local estate agents.

FAMILY HOUSING

Plan-making authorities can identify current numbers of families, including those with children, by using the local household projections.

HOUSING FOR OLDER PEOPLE

The age profile of the population can be drawn from Census data. Projection of population and households by age group can also be used. Plan-making authorities will need to consider the size, location and quality of dwellings needed in the future for older people in order to allow them to live independently and safely in their own home for as long as possible, or to move to more suitable accommodation if they so wish. Supporting independent living can help to reduce the costs to health and social services, and providing more options for older people to move could also free up houses that are under occupied.

The future need for specialist accommodation for older people broken down by tenure and type (e.g. sheltered, enhanced sheltered, extra care, registered care) may need to be assessed and can be obtained from a number of online tool kits provided by the sector. Evidence from Joint Strategic Needs Assessments prepared by Health and Wellbeing Boards also provide useful evidence for plan-making authorities. The assessment can also set out the level of need for residential institutions (Use Class C2). Many older people may not want or need specialist accommodation or care and may wish to stay or move to general housing that is already suitable, such as bungalows, or homes which can be adapted to meet a change in their needs. Local authorities will therefore need to identify the role that general housing may play as part of their assessment.

HOUSING FOR PEOPLE WITH DISABILITIES

There is no one source of information about disabled people who require adaptations in the home, either now or in the future. The Census provides information on the number of people with long-term limiting illness and plan-making authorities can access information from the Department of Work and Pensions on the numbers of Disability Living Allowance / Attendance Allowance benefit claimants. Whilst these data can provide a good indication of the number of disabled people, not all of the people included within these counts will require adaptations in the home. Applications for Disabled Facilities Grant will provide an indication of levels of expressed need, although this could underestimate total need. If necessary, plan-making authorities can engage with partners to better understand their housing requirements. People with disabilities are defined in the [National Planning Policy Framework glossary](#). However, authorities may wish to consider groups outside of the scope of this definition in order to meet the specific needs of their community.

STUDENT HOUSING

Plan-making authorities need to plan for sufficient student accommodation whether it consists of communal halls of residence or self-contained dwellings, and whether or not it is on campus. Encouraging more dedicated student accommodation may provide low cost housing that takes pressure off the private rented sector and increases the overall housing stock. Plan-making authorities are encouraged to consider options which would support both the needs of the student population as well as local residents before imposing caps or restrictions on students living outside of university-provided accommodation. Plan-making authorities will need to engage with universities and other higher educational establishments to ensure they understand their student accommodation requirements.

How can the housing requirements of particular groups of people be addressed in plans?

Plan-making authorities should set clear policies to address the housing needs of groups with particular needs such as older and disabled people. These policies can set out how the plan-making authority will consider proposals for the different types of housing for older people. They could also provide indicative figures or a range for the number of units of specialist housing for older people needed across the plan area. To bring forward an adequate supply of accessible housing to meet local need, policies for older and disabled people's housing could be developed using the [optional technical housing standards](#).

How can affordable housing need be calculated?

Plan-making authorities will need to estimate the number of households and projected households who lack their own housing or who cannot afford to meet their housing needs in the market. This should involve working with colleagues in their relevant authority (e.g. housing, health and social care departments).

What types of households are considered to be in affordable housing need?

All households whose needs are not met by the market can be considered in affordable housing need. Overall affordable housing need should be separated into two categories to recognise the distinct characteristics of the differing need:

- households that do not have their basic housing needs met and which cannot afford to meet these needs in the market; and
- households which can afford to rent in the private rental market, but cannot afford to buy despite a preference for owning their own home.

How can the current unmet gross need for affordable housing be calculated?

Plan-making authorities can establish unmet (gross) need for affordable housing by assessing past trends and recording current estimates of:

- the number of homeless households;
- the number of those in priority need who are currently housed in temporary accommodation;
- the number of households in over-crowded housing;
- the number of concealed households;
- the number of existing affordable housing tenants in need (i.e. householders currently housed in unsuitable dwellings);
- the number of households from other tenures in need and those that cannot afford their own homes, either to rent, or to own, where that is their aspiration.

Care should be taken to avoid double-counting, which may be brought about with the same households being identified on more than one transfer list, and to include only those households who cannot afford to access suitable housing in the market.

Suggested data sources: Local authorities will hold data on the number of homeless households, those in temporary accommodation and extent of overcrowding. The Census also provides data on concealed households and overcrowding which can be compared with trends contained in the English Housing Survey. Housing registers and local authority and registered social landlord transfer lists will also provide relevant information.

How can the number of newly arising households likely to be in affordable housing need be calculated (gross annual estimate)?

Projections of affordable housing need will have to reflect new household formation, the proportion of newly forming households unable to buy or rent in the market area, and an estimation of the number of existing households falling into need. This process will need to identify the minimum household income required to access lower quartile (entry level) market housing (plan-making authorities can use current cost in this process, but may wish to factor in anticipated changes in house prices and wages). It can then assess what proportion of newly-forming households will be unable to access market housing.

Suggested data sources: Ministry of Housing, Communities and Local Government household projections, English Housing Survey, local authority and registered social landlords databases, and mortgage lenders.

Total newly arising affordable housing need (gross per year) =

(the number of newly forming households x the proportion unable to afford market housing) + existing households falling into need

How can the current total affordable housing supply available be calculated?

There will be a current supply of housing stock that can be used to accommodate households in affordable housing need as well as future supply. Assessing the total affordable housing supply requires identifying:

- the number of affordable dwellings that are going to be vacated by current occupiers that are fit for use by other households in need;
- suitable surplus stock (vacant properties);
- the committed supply of new net affordable homes at the point of the assessment (number and size).

Sources of data: Ministry of Housing, Communities and Local Government affordable housing supply statistics to show recent trends, and local authority and Registered Social Landlord records including housing register, transfer lists, demolition and conversion programmes, development programme of affordable housing providers.

Total affordable housing stock available =

Dwellings currently occupied by households in need + surplus stock + committed additional housing stock – units to be taken out of management

What is the relationship between the current housing stock and current and future needs?

Plan-making authorities will need to look at the current stock of houses of different sizes and assess whether these match current and future needs.

What is the total annual need for affordable housing?

The total need for affordable housing will need to be converted into annual flows by calculating the total net need (subtract total available stock from total gross need) and converting total net need into an annual flow.

The total affordable housing need can then be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments, given the probable percentage of affordable housing to be delivered by market housing led developments. An increase in the total housing figures included in the strategic plan may need to be considered where it could help deliver the required number of affordable homes.

Core outputs and monitoring

What are the core outputs?

Plan-making authorities will need to set out clear conclusions and any assumptions made in reaching these conclusions on the levels of quantitative and qualitative predicted need. This will be an important input into assessing the suitability of sites and the plan preparation process more generally.

Plan-making authorities will need to consider their existing and emerging housing strategies in light of needs.

How often should indicators be monitored?

Local planning authorities need not undertake comprehensive assessment exercises more frequently than every five years, although their findings will need to be updated regularly, looking at the short-term changes in housing market conditions.

Monitoring information should be shared with qualifying bodies undertaking a [neighbourhood plan](#) via the local authority's [monitoring report](#) so that they can understand how their neighbourhood plan is being implemented.

What could be monitored?

Plan-making authorities will need to put in place their own monitoring arrangements in relation to relevant local indicators which could include:

- housing and premises (current stock) database;
- housing permissions granted, by type;
- housing permissions developed by type, matched to allocated sites;
- housing permissions for development of sites where change of use is involved;
- housing land available and recent transactions;
- housing premises enquiries (if the authority has an estates team);
- housing developer requirements and aspirations for houses;
- housing waiting lists applications.

Neighbourhood Plans

How should local planning authorities set a housing requirement figure for designated neighbourhood areas?

Ideally, local planning authorities should set housing requirement figures for designated neighbourhood areas as part of their strategic policies. However, it may be necessary for indicative housing requirement figures to be produced (for example where the strategic and neighbourhood plan production timescales don't align or new evidence of housing need is available). There is no set method for local authorities to determine the proportion of the authority's housing need which each neighbourhood should plan for. The housing requirement for a neighbourhood area should be derived from the authority's housing need figure and take into consideration relevant policies and evidence such as the spatial strategy (or the emerging strategy if indicative figures are being set), the [Housing and Economic Land Availability Assessment](#), the population of the neighbourhood area and the role of the neighbourhood area in providing services.

Indicative figures may need to be updated by authorities and discussed with neighbourhood planning groups, should additional evidence emerge which would significantly change the housing requirement for the neighbourhood area. Proactive engagement with neighbourhood planning groups is therefore essential as part of this process, in order for groups to understand and influence how figures are reached. This is important to avoid disagreements at neighbourhood plan or local plan examinations, and minimise the risk of neighbourhood plan figures being superseded when the local authority adopts a new plan.

What happens if the local planning authority's strategic policies do not provide a neighbourhood housing requirement for a designated neighbourhood area?

Where a local authority's strategic policies do not include a housing requirement for a particular neighbourhood area, neighbourhood planning groups may request an indicative figure from the local authority if they wish to plan for housing. If, in exceptional circumstances, a local planning authority has been unable to provide an indicative housing requirement figure within a reasonable timeframe, then the neighbourhood planning group may need to determine a housing requirement figure for the designated neighbourhood area. The [latest neighbourhood planning toolkit](#) on housing needs assessment may be used to provide the requirement. Groups will need to proactively engage with the local planning authority through this process. The figure will need to be tested at examination of the neighbourhood plan.

Are housing requirement figures for neighbourhood areas binding?

Where minimum housing requirement figures are set in strategic policies, a neighbourhood planning group may propose an alternative figure in exceptional circumstances, where it has compelling evidence to support a departure from the strategic policies. This would need to be tested at examination as neighbourhood plans must be in general conformity with strategic policies of the development plan to meet the ['basic conditions'](#).

Indicative housing requirement figures are not binding on the neighbourhood plan, but they will be important considerations during examination of the plan. This is because the [‘basic conditions’](#) against which neighbourhood plans are examined also require neighbourhood plans to have regard to national policies and guidance, and to contribute to the achievement of sustainable development.

Ideally the local authority should include the indicative figures produced for neighbourhood areas in its emerging strategic policies. However the local authority is not bound to do so.

How should neighbourhood plans use the housing requirement figure provided by the local planning authority?

Where neighbourhood planning groups have decided to make provision for housing in their plan, the housing requirement figure provided by the local authority should be regarded as a minimum. Communities are encouraged to plan to meet their housing requirement, and where possible, to exceed the requirement, for example through allocating reserve sites. A sustainable choice of sites to accommodate housing will provide flexibility if circumstances change and allows plans to remain up to date over a longer time scale. Neighbourhood plans should set out whether their housing requirements were part of the local authority’s strategic policies or constitute indicative figures provided by the local authority. Neighbourhood plan policies on the size or type of housing required should be informed by [other local authority evidence](#) as far as possible.

What does ‘policies and allocations to meet its identified housing requirement’ mean in the context of paragraph 14 of the National Planning Policy Framework on neighbourhood plans?

The ‘identified housing requirement’ is the number of homes being planned for in the neighbourhood area, as set out in a neighbourhood plan policy. This number will have been set as part of the local authority’s strategic policies or have been provided by the local authority as an indicative requirement, or (if necessary) by the neighbourhood planning group. Where applicable, the identified housing requirement will have been tested at the neighbourhood plan examination.

In order for a neighbourhood plan to meet the criteria set in paragraph 14 of the Framework, the ‘policies and allocations’ in the plan must meet this housing requirement in full. For example, a neighbourhood housing requirement of 50 units could be met through two sites allocated for 20 housing units and a policy for a windfall allowance of 10 units. However, a policy on a windfall allowance alone would not be sufficient. Allocations are sites clearly outlined with a site boundary on an Ordnance Survey base map with accompanying policies in the plan setting out the proposed land use and the quantum of development appropriate for the site.

How should a neighbourhood plan allocate sites for development?

Where a plan is aiming to allocate sites for development, the neighbourhood planning group should carry out an appraisal of options and an assessment of individual sites against clearly identified criteria.

[Guidance on general principles of assessing sites and on viability](#) should provide the framework for the assessment of sites. The latest [neighbourhood planning toolkit](#) on site assessments may also be used.

The site being allocated should be shown with a clear site boundary on an Ordnance Survey base map. A policy in the plan should set out the proposed land uses on the site, and an indication of the quantum of development appropriate for the site.

When are neighbourhood plans protected from the ‘presumption in favour of sustainable development’?

Under paragraph 75 of the National Planning Policy Framework, local authorities with less than five years’ supply of land for housing, or a substantial under-delivery of housing (assessed against the Housing Delivery Test), should apply the presumption in favour of sustainable development to planning applications for housing. The presumption (at paragraph 11d) says to grant permission unless

- i. “the application of policies in this Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed; or
- ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.”

Where the application is in an area where a neighbourhood plan has been approved at referendum, paragraph 14 of the Framework provides some protection for the neighbourhood plan where applications for housing are made that conflict with the neighbourhood plan. This paragraph sets out that for some neighbourhood plans in defined circumstances, the adverse impact of allowing development in conflict with the plan is likely to significantly and demonstrably outweigh the benefits.

The circumstances where this protection applies are where the neighbourhood plan:

- has been passed at referendum two years or less before the date the decision is made.
- contains policies and site allocations to meet the neighbourhood area’s identified housing requirement;
- the local planning authority has at least a three year supply of deliverable housing sites, when assessed against its five year supply; and
- the local planning authority has delivered at least 45% of its housing requirement over the past three years (as assessed against the Housing Delivery Test).

There are also two transitional arrangements for the policies relating to this protection, which are contained in paragraph 212 of the National Planning Policy Framework.

The first transitional arrangement allows the protection to apply to neighbourhood plans that were approved at referendum more than two years before the application is decided, if they meet the other criteria set out above, up to and including 11 December 2018.

The second transitional arrangement relates to the 45% housing delivery threshold. In line with the transitional arrangements for the Housing Delivery Test (set out in paragraph 211 of the Framework), the protection for neighbourhood plans will apply where housing

delivery is at least 25%, as measured by the Housing Delivery Test in November 2018. The 45% threshold will apply from the November 2019 Housing Delivery Test measurement onwards.

Plan-making

Statutory duty and role of plans

What is the role of plans?

The development plan is at the heart of the planning system with a requirement set in law that [planning decisions should be taken in line with the development plan](#) unless material considerations indicate otherwise. Plans set out a vision and a framework for the future development of the area, addressing needs and opportunities in relation to housing, the economy, community facilities and infrastructure – as well as a basis for safeguarding the environment, adapting to climate change and securing good design. It is essential that plans are in place and kept up to date.

The Framework introduces flexibility in the way areas plan for the development and use of land. Plans can be produced at different spatial scales, and local planning authorities, in consultation with their communities, will determine which development plan documents are appropriate for their area. The minimum requirement is for strategic policies to be in place in strategic plans, prepared either by a local planning authority, jointly with others, or individually, or by a Mayor or Combined Authority with powers to produce a spatial development strategy. Local policies, setting out more detailed policies for specific areas, neighbourhoods or types of development can be set out in a local plan or neighbourhood plan.

How detailed should plans be?

While the content of plans will vary depending on the nature of the area and matters to be addressed, all plans should be as focused, concise, and accessible as possible. The Government encourages authorities to make use of digital plans and open data when publishing plans and the evidence base which underpins them. National planning policy sets out the requirements for plans.

When drafting strategic and local policies plan-makers should avoid undue repetition. There should be no need to reiterate policies that are already set out in the Framework. Where sites are proposed for allocation, sufficient detail should be given to provide clarity to developers, local communities and other interests about the nature and scale of development (addressing the 'what, where, when and how' questions).

The policies map should illustrate geographically the policies in the plan and be reproduced from, or based on, an Ordnance Survey map. If the adoption of a plan would result in changes to a previously adopted policies map, when the plan is submitted for examination, an up to date submission policies map should also be submitted, showing how the adopted policies map would be changed as a result of the new plan.

[Section 19 of the Planning and Compulsory Purchase Act 2004](#) sets out specific matters to which the local planning authority must have regard when preparing a plan. [Regulations 8 and 9 of the Town and Country Planning \(Local Planning\) \(England\) Regulations 2012](#) prescribe the general form and content of local plans and adopted policies maps, while

regulation 10 states what additional matters local planning authorities must have regard to when drafting their plans.

Do local planning authorities have to prepare any plans in addition to those which address their strategic priorities?

Local planning authorities may produce plans in addition to those dealing with their strategic priorities, to set out local policies to guide development in their area. They may also choose to rely on neighbourhood planning bodies to produce [Neighbourhood Plans](#).

Local planning authorities should demonstrate they can maintain a five year land supply and report on performance against the Housing Delivery Test. Therefore, local planning authorities will need to consider whether additional development plan documents are required to allocate land to meet their identified development needs and maintain an adequate supply of deliverable sites.

Tests of soundness

What is meant in the ‘effective’ test of soundness by “strategic matters which are dealt with rather than deferred”?

Demonstrating that cross-boundary strategic matters are dealt with rather than deferred means addressing these matters as fully as possible during the plan-making process, rather than deferring issues to subsequent plan updates. This is especially the case for those issues which may be challenging for authorities to address, such as infrastructure, housing requirement and distribution. Authorities should look to deal with these through effective joint working with neighbouring authorities and relevant public bodies (such as infrastructure providers).

What should an authority do if strategic matters cannot be dealt with through effective cross-boundary working?

Occasionally, agreement on specific cross-boundary strategic matters may not be reached. This might occur, for example, where such matters cannot be dealt with within the authority’s plan period, or where the potential impacts of such matters over the plan period could be uncertain, such as for national infrastructure projects. Under such circumstances the authority will need to evidence matters on which agreement cannot be reached, as well as the efforts made to try to reach agreement, in a statement of common ground.

In these circumstance authorities may need to consider an early revision of the plan once it is adopted, or Inspectors may be minded to direct authorities to do this when the plan is examined.

Statement of common ground

What is a statement of common ground?

A statement of common ground is a written record of the progress made by strategic plan-making authorities during the process of planning for strategic matters across local

authority boundaries. It documents where effective co-operation is and is not happening, and is a way of demonstrating at examination that plans are deliverable over the plan period, and based on effective joint working across local authority boundaries. In the case of local planning authorities (including County Councils), it is also evidence that they have complied with the duty to cooperate.

How should a statement of common ground be developed?

Authorities should publish a statement of common ground following the publication of the revised Framework. A statement should contain the following sections:

- a. A written description and map showing the location and administrative areas covered by the statement, and a justification for these areas;
- b. The key strategic matters being addressed by the statement, including the local housing need for the area;
- c. The plan-making authorities responsible for joint working detailed in the statement, and list of any additional signatories (including matters to which each is a signatory);
- d. Governance arrangements for the cooperation process, including how the statement will be maintained and kept up to date;
- e. If applicable, the housing requirements in any adopted and (if known) emerging development plan documents within the area covered by the statement;
- f. Distribution of housing need in the area as agreed through the plan-making process and/or the process for agreeing the distribution of housing need (including unmet need) across the area;
- g. A record of where agreements have (or have not) been reached on key strategic matters; and
- h. Any additional strategic matters to be addressed by the statement which have not already been addressed.

The statement is expected to be proportionate to the matters being addressed and not used to document every occasion that strategic plan-making authorities meet, consult with each other, or contact prescribed bodies under the duty to cooperate.

How should the statement of common ground be published?

Statements should be prepared, maintained and made publicly available throughout the plan-making process. The statement should be published in a machine readable format on the websites of the authorities producing the statement and must comply with open data standards [under development] set out in guidance.

Who is responsible for preparing, maintaining and updating the statement of common ground?

Local planning authorities and elected Mayors or combined authorities are required to produce a statement of common ground when preparing plans. Statements should be jointly produced by those authorities who have agreed to collaborate with each other to address strategic matters across local authority boundaries when preparing these documents. Authorities who have agreed to collaborate with each other are likely to be signatories (signing off on agreements made and decisions taken) to most of the matters addressed in the statement.

Which geographical area should a statement of common ground cover?

The statement will need to cover the area which local planning authorities and Mayors or combined authorities with plan-making powers feel is the most appropriate functional geography for gathering of evidence and the preparation of planning policies.

In the case of elected Mayors or combined authorities with plan-making powers, the statement of common ground should look beyond the combined authority area and actively engage neighbouring authorities in the plan-making process.

What is the process for preparing, maintaining and updating the statement of common ground?

Authorities responsible for the statement will need to decide early on the governance arrangements for preparing, maintaining and updating the statement. For example, authorities may wish to decide which authority will lead on updating the statement, and whether certain matters require member-level sign-off or can be delegated to officers. Authorities may consider using independent bodies as arbiters or facilitators to aid discussions such as County Councils in two-tiered areas, or Mayors in combined authority areas. This process should be documented in the statement.

Once published how often should a statement of common ground be reviewed and updated?

Once published, authorities responsible for the statement should ensure that it reflects the most up to date position in terms of joint working across the area. Accordingly, a statement will need to be updated at the earliest opportunity once:

- agreements are reached on strategic matters detailed in the statement, such as housing distribution; or
- a decision is taken to revise a development plan document or revise strategic policies in the defined area.

Who are additional signatories to the statement of common ground?

Additional signatories will be those who have an interest in a statement of common ground, but who may not be responsible for preparing, maintaining and updating it. These may include: other relevant public bodies (Local Enterprise Partnerships, Local Nature Partnerships, and the Marine Management Organisation in coastal areas); other strategic plan-making authorities (such as County Councils, combined authorities without plan-making powers, and any local planning authorities outside of the area covered by the statement); or infrastructure providers.

Parish Councils and Neighbourhood Forums do not need to be signatories to a statement of common ground.

What is the role of additional signatories on the statement of common ground?

The statement of common ground may set out where agreements are reached with additional signatories, but their remit should be limited to those parts of the statement that

relate directly to their interest/involvement, e.g. specific infrastructure or transport commitments, rather than being a signatory to the statement as a whole. They have no responsibility for publishing, maintaining or updating the statement of common ground.

Should authorities prepare a statement of common ground for each matter being addressed?

Where multiple strategic matters can be addressed within one defined area these matters and any associated agreements can be documented in a single statement.

When is it appropriate for plan-making authorities to prepare more than one statement of common ground?

Authorities may feel it is appropriate to produce more than one statement if they feel this would be the clearest and most expedient way to evidence joint working. This will depend on the matters being addressed and the areas covered. For example, multiple statements may be appropriate where there are a large number of authorities working jointly on matters beyond a defined geographical area, or where areas overlap, and the process of documenting the joint working undertaken would be too time-consuming and resource intensive to be documented in a single statement.

Should a statement of common ground be prepared for minerals and waste plans?

Yes. When preparing minerals and waste plans, authorities should work jointly with neighbouring authorities to address the need for and distribution of, minerals extraction and waste facilities and impacts arising from these. This should be evidenced in a statement of common ground.

In two-tier areas, District Councils within the County should be signatories on the statement of common ground for County Council minerals and waste plans as these will have a direct effect on the development strategy of their areas.

Are local planning authorities (including London Boroughs) within a combined authority area required to be signatories to a statement of common ground prepared by the combined authority for a spatial development strategy?

No, it is not necessary for each local planning authority (or London Boroughs) within the combined authority area to be signatories on the statement prepared by the combined authority or Mayor with plan-making powers for a spatial development strategy. The Mayor or combined authority preparing the strategy will need to engage the local planning authorities effected at the early stages of the plan-making process.

Is a combined authority (including the Greater London Authority) required to be a signatory to statements of common ground prepared by local planning authorities within the combined authority area?

No, however these local planning authorities will need to involve the combined authority in early stakeholder engagement and may want to use the combined authority as an arbiter

or facilitator for statement of common ground discussions, or, where appropriate and subject to governance arrangements, to invite the combined authority to lead on updating the statement.

What role can combined authorities without plan-making powers play in the preparation of statements of common ground?

Where the combined authority has responsibilities to deliver strategic priorities, such as economic development and transport improvements they should be included as an additional signatory to a statement of common ground prepared by local planning authorities where this will help deliver the strategic matters identified in the statement.

Mayors without plan-making powers may be able to act as an arbiter or facilitator of statement of common ground discussions and could assist in the preparation of the statements themselves. This will depend on the governance arrangements established by the local planning authorities responsible for the statement.

Do local planning authorities have to produce a statement of common ground for plans which do not contain strategic policies?

Strategic plan-making authorities are expected to produce a statement of common ground even where they are not directly preparing strategic policies. When a local planning authority chooses to produce a plan which contains only local policies they will still be required to fulfil their duty to cooperate. In order to satisfy the soundness tests they will be expected to produce a statement of common ground. However, the level of joint-working needed across local authority boundaries will be substantially less than where a plan contains strategic policies.

How should the Mayor of London use the statement of common ground when preparing the London Plan?

The Mayor of London will need to work with those authorities outside of London, considered most appropriate for gathering evidence and preparing strategic policies, for the spatial development strategy for London (the London Plan). This should be evidenced in one or more statements of common ground.

Are Parish Councils and Neighbourhood Forums required to produce Statements of Common Ground when preparing neighbourhood plans?

Parish Councils and Neighbourhood Forums are not required to produce a statement of common ground when preparing neighbourhood plans.

How can the statements of common ground be used to address strategic infrastructure?

The statement of common ground provides a vehicle to establish if additional strategic cross-boundary infrastructure is required, especially where it would unlock more land for housing. Where it is identified that there are strategic infrastructure matters to be addressed, strategic plan-making authorities will be expected to document how they intend to resolve these, that they have sought agreement with the relevant bodies, and document any agreements reached.

Where development needs and infrastructure matters have been addressed in the statement of common ground this will inform considerations for the [Community Infrastructure Levy](#). It should also form part of the evidence base for the Infrastructure Funding Statement, especially when forecasting contributions required for future planned development.

Authorities who agree to take additional housing from other areas may in turn require investment in infrastructure provision to support this. Where effective cross-boundary working can be evidenced in the statement of common ground, this could be used as evidence when trying to secure grants for infrastructure where effective joint working forms part of the assessment criteria.

Evidence Base

How are strategic and local plans produced?

Strategic and local plans should be developed by assessing the future needs and opportunities of their area, developing options for addressing these and then identifying a preferred approach. This involves gathering evidence, carrying out a [Sustainability Appraisal](#) to inform the preparation of strategic and local plans and effective discussion and [consultation](#) with local communities, businesses and other interested parties.

There is considerable flexibility open to local planning authorities in how they carry out the initial stages of local plan production, provided they comply with the specific requirements in [regulation 18 of the Town and Country Planning \(Local planning\) \(England\) Regulations 2012](#), ('the Local plan Regulations') on consultation, and with the commitments in their Statement of Community Involvement. It is important to make clear how any consultation fits within the wider local plan process.

Local planning authorities must publicise the version of their local plan that they intend to submit to the Planning Inspectorate for examination to enable representations to come forward that can be considered at examination.

How should local planning authorities keep communities informed of plan-making?

Local planning authorities must publicise and keep up to date their timetable for producing their local plan. This information is contained within a [Local Development Scheme](#), which local planning authorities should publish on their website produced in compliance with the data standard [under development] and must keep up-to-date. Up-to-date and accessible reporting on the Local Development Scheme in an Authority's Monitoring Report is an important way in which local planning authorities can keep communities informed of plan making activity.

What approach should plan-making authorities take when gathering evidence needed to support policies?

Plan-making authorities will need to consider carefully the need to commission evidence that will add delay and cost to plan production. Wherever possible, authorities may wish to prepare evidence in-house or jointly to speed up the process, and obtain best value for the

taxpayer. Plan-making authorities may wish to seek advice on this, for example, from the Planning Advisory Service as part of their ongoing plan-making support.

The evidence needs to inform what is in the plan and shape its development rather than being collected retrospectively.

How should authorities keep communities informed of evidence gathering?

The Local Plans Expert Group, set up to consider how to make plan-making more efficient and effective, found that “communities are turned off by the length, slow pace and obscure nature of many local plans.” Authorities are expected to be mindful of the need to produce concise, visual, evidence, written in plain English to help ensure that it is easily accessible to local communities, to avoid them becoming disengaged with the process.

[From 31st July 2018](#) authorities are expected to set out in their Statement of Community Involvement how they will engage communities on the preliminary stages of plan-making, specifically [survey stage](#) and [local development scheme](#). For example, this may include publishing documents forming part of the evidence base as they are completed on their website in an accessible format, rather than waiting until options are published or a local plan is published for representations. Where authorities have evidence that might need to be considered by neighbouring authorities when producing or updating plans, they should share this at the earliest opportunity. This will help communities bringing forward [neighbourhood plans](#), who may be able to use this evidence to inform the preparation of their own plans.

How can the strategic plan making authority show that strategic or local plans are capable of being delivered, including provision for infrastructure?

Strategic plan-making authorities will need to work with other authorities and providers to:

- assess the quality and capacity of infrastructure, and its ability to meet forecast demands. Where deficiencies are identified, plans should set out how those deficiencies will be addressed; and
- take account of the need for strategic infrastructure including nationally significant infrastructure within their areas.

A plan is an opportunity for the local planning authority to set out a positive vision for an area, but the plan should also be realistic about what can be achieved and when (including in relation to infrastructure). This means paying careful attention to providing an adequate supply of land, identifying what infrastructure is required and how it can be funded and brought on stream at the appropriate time; and ensuring that policies are realistic and the total cost of all relevant policies is not of a scale that will make the development unviable. Viability assessment should be carried out in accordance with [guidance](#). Early discussion with infrastructure and service providers is particularly important to help understand their investment plans and critical dependencies. Plan-making authorities should also involve the Local Enterprise Partnership and where relevant strategic authorities, at an early stage in considering the strategic issues facing their area, including the prospects for investment in infrastructure.

Plans set out the key infrastructure requirements and the developer contributions that local authorities will expect from different types of development, and where necessary, from different sites. Where relevant, plans may also take account of funding to support

infrastructure provision through the Community Infrastructure Levy. The Government recommends that local authorities prepare an Infrastructure Funding Statement using the standard template in an open data format [template under development] in accordance with the National Planning Guidance on viability.

Where the cost or deliverability of critical infrastructure is uncertain then the plan should address the consequences of this, including possible contingency arrangements and where a [viability assessment](#) may be required to accompany a planning application. The detail concerning planned infrastructure provision can be set out in a supporting document such as an infrastructure delivery programme that can be updated regularly and be made publicly available.

How should the authority ensure there is consistency between viability assessments and the Community Infrastructure Levy?

The principles for assessing viability and preparing Infrastructure Funding Statements set out in guidance are also relevant for Community Infrastructure Levy. Further guidance on evidence required to support introduction of the [Community Infrastructure Levy](#) should also be referred to.

What evidence might be needed to plan for housing?

Plan-making authorities should have a clear understanding of housing requirements in their area. They should:

- Establish the overall housing need (using the standard methodology unless there are exceptional circumstances that justify an alternative);
- Identify the housing need of specific groups;
- Prepare or update their Strategic Housing Land Availability Assessment to establish realistic assumptions about the suitability, availability, and achievability (including economic viability) of land to meet the identified need for housing over the plan period, including robust evidence of deliverability for those sites identified for the first five years of the Plan;
- Prepare a viability assessment in accordance with guidance to ensure that policies are realistic and the total cost of all relevant policies is not of a scale that will make development unviable.

What evidence might be needed to plan for businesses?

Plan-making authorities will need a clear understanding of business needs within the economic markets operating in and across their area. To achieve this, they can:

- work together with county and neighbouring authorities, Mayors, combined authorities and with Local Enterprise Partnerships to prepare and maintain a robust evidence base to understand, with reference to local industrial strategies where relevant, both existing business needs and likely changes in the market; and
- engage with the business community to understand their changing needs and identify and address barriers to investment, including a lack of housing, infrastructure or viability.

Authorities may use the evidence base to assess:

- the need for land or floorspace for economic development, including both the quantitative and qualitative needs for all foreseeable types of economic activity over the plan period, including for retail and leisure development;
- the existing and future supply of land available for economic development and its suitability to meet the identified needs. This should be undertaken at the same time as, or combined with, Strategic Housing Land Availability Assessments and should include a reappraisal of the suitability of previously allocated land. Any assessment of current or future land should also assess the likely availability and achievability of employment led development, taking into account market signals;
- the role, capacity and function of town centres and the relationship between them, including any trends in the performance of centres; and
- locations of deprivation which may benefit from planned remedial action.

What evidence might be needed to plan for defence, national security, counter-terrorism and resilience?

Plan-making authorities may:

- work with the police and other partners to develop and implement a local strategy to guide proposals for appropriate security measures at public buildings and spaces;
- work with local police counter-terrorism security advisers (CTSAs) and local police crime prevention design advisers (CPDAs) to ensure that they inform them of planning applications concerning the development of crowded places, transport hubs and critical infrastructure; and
- work with the Ministry of Defence's Strategic Planning Team to ensure that they have and take into account the most up-to-date information about defence and security needs in their area.

What evidence might be needed to plan for the natural environment?

Planning policies and decisions should be based on up-to-date information about the natural environment and other characteristics of the area including drawing, for example, from River Basin Management Plans. Working with Local Nature Partnerships where appropriate, this should include an assessment of existing and potential components of ecological networks. A sustainability appraisal which meets the relevant legal requirements on strategic environmental assessment should be an integral part of the preparation of strategic and local plans, and should consider all the likely significant effects on the environment, economic and social factors.

Strategic and local plans may require a variety of other environmental assessments, such as under the Habitats Regulations where there is a likely significant impact (which may not necessarily be within the same local authority area). This may also include assessments of energy and climate change (to help inform a proactive approach in plans to mitigating and adapting to climate change and help increase the use and supply of renewable and low carbon energy and heat); Strategic Flood Risk Assessment and assessments of the physical constraints on land use, such as land instability, contamination and subsidence. Wherever possible, assessments can share the same evidence base and be conducted over similar timescales, but plan-making authorities need to take care to ensure that the purposes and statutory requirements of different assessment processes are respected.

Assessments should be proportionate, and should not repeat policy assessment that has already been undertaken. Wherever possible plan-making authorities should consider how the preparation of any assessment will contribute to the plan's evidence base. The process should be started early in the plan-making process and key stakeholders should be consulted in identifying the issues that the assessment must cover.

Shoreline Management Plans should inform the evidence base for planning in coastal areas. The prediction of future impacts should include the longer term nature and inherent uncertainty of coastal processes (including coastal landslip), and take account of climate change.

What evidence might be needed to plan for the conservation and enhancement of the Historic environment?

Plan-making authorities should have up-to-date evidence about the historic environment in their area and use it to assess the significance of heritage assets and the contribution they make to their environment. They should also use it to predict the likelihood that currently unidentified heritage assets, particularly sites of historic and archaeological interest, will be discovered in the future. Local planning authorities should either maintain or have access to a historic environment record, and should make information about the significance of the historic environment (gathered as part of plan-making or development management) publicly accessible.

Where appropriate, landscape character assessments can be prepared, integrated with assessment of historic landscape character, and – for areas where there are major expansion options – assessments of landscape sensitivity.

What evidence might be needed to plan for health and well-being?

Plan-making authorities may work with public health leads and health organisations to understand and take account of the health status and needs of the local population, including the quality, quantity of and accessibility to healthcare and the effect any planned growth may have on this. Authorities should also assess quality, quantity of and accessibility to green infrastructure, sports, recreation and places of worship including expected future changes, and any information about relevant barriers to improving health and well-being.

What evidence might be needed to plan for public safety from major incidents?

Planning policies should be based on up-to-date information on the location of hazardous establishments in relation to population or environmentally sensitive areas, and on the prevention and mitigation of the consequences of major incidents. This includes a requirement for additional measures for existing establishments to be considered so that risks to people in the area are not increased. The plan-making authority is also expected to seek technical advice from the Health and Safety Executive and the Environment Agency, on the risks presented by major incident hazards affecting people in the surrounding area and the environment when handling development proposals.

What evidence might be needed to assess viability?

The National Planning Policy Framework says that plans should be prepared positively, in a way that is aspirational but deliverable. Understanding viability is important for ensuring this. Policy requirements for developer contributions should be informed by proportionate evidence of infrastructure and affordable housing need and be assessed for viability at the plan-making stage in accordance with [guidance](#).

Plan review guidance

How often should a plan be reviewed?

To be effective plans need to be kept up-to-date. Policies, including strategic policies in spatial development strategies, should be reviewed to assess whether they need revising at least once every five years.

From 6 April 2018, under [Regulation 10A of The Town and Country Planning \(Local Planning\) \(England\) Regulations 2012 \(as amended\)](#) local planning authorities must review local plans, and Statements of Community Involvement at least once every five years from their adoption date to ensure that policies remain relevant and effectively address the needs of the local community, in particular the need for housing. Most plans are likely to require revising in whole or in part at least every five years. Reviews should be proportionate to the issues in hand. Plans may be found sound conditional upon a plan revision in whole or in part within five years of the date of adoption.

There will be occasions where there are significant changes of circumstances which may mean a review of the plan being necessary earlier than the statutory minimum of five years, for example where new cross-boundary matters arise this may trigger the need to review policies and revise the plan to reflect this.

The Framework makes clear that the presumption in favour of sustainable development applies where an authority cannot demonstrate a five year supply of deliverable housing sites. Local planning authorities should also consider whether plan making activity by other authorities has an impact on planning and the development plan in their area.

There are requirements for a [local planning authority to support neighbourhood planning](#). Further detail is provided in the [neighbourhood planning guidance](#).

A local planning authority must set out the timetable for producing or reviewing its plans in its [Local Development Scheme](#).

What is the role of the Authority Monitoring Report?

Local planning authorities must publish information at least annually that shows progress with local plan preparation, reports any activity relating to the duty to cooperate and shows how the implementation of policies in the local plan is progressing and are encouraged to report as frequently as possible on planning matters to communities. This is important to enable communities and interested parties to be aware of progress. Local planning authorities can also use the Authority Monitoring Report to provide up-to-date information on the implementation of any [neighbourhood plans](#) that have been brought into force, and to determine whether there is a need to undertake a partial or full revision of the local plan, when carrying out a review at least every five years from the adoption date.

This information should be made available publicly. [Regulation 34 of the Town and Country Planning \(Local Planning\) \(England\) Regulations 2012](#) sets out what information the reports must contain, although there is other useful information that can be set out. In particular, the reports can highlight the contributions made by development, including section 106 planning obligations, Community Infrastructure Levy and New Homes Bonus payments, and how these have been used.

What documents does the requirement to review apply to?

The requirement to review applies to all development plan documents, including local plans (which would include those containing strategic or local policies) and Statements of Community Involvement. While not a statutory requirement, the National Planning Policy Framework expects the same approach to be taken with spatial development strategies.

What does a plan review involve?

Reviewing a plan means undertaking an assessment to determine whether the policies need revising, which should include consideration of any changes to local circumstances and national policy. A local planning authority should consider in particular any necessary changes to policies relating to their strategic priorities.

Every five years from the date of adoption of the plan document, a local planning authority must complete its review and decide either:

- that their policies do not need revising and publish their reasons for this decision; and/ or
- that one or more policies do need revising, and update their Local Development Scheme to set out the timetable for this revision.

If necessary authorities should then update their plan.

Is a plan considered out-of-date if it is not updated after five years?

The National Planning Policy Framework is clear that strategic policies should be prepared over a minimum 15 year period and a local planning authority should be planning for the full plan period. Policies age at different rates according to local circumstances and a plan does not become out-of-date automatically after five years. The review process is a method to ensure that a plan remains appropriate, maintaining its weight.

The plan is the basis for decision-making, subject to other material considerations and national policy, and due weight should be given to relevant policies in existing plans according to their degree of consistency with the National Planning Policy Framework. It will be up to the decision-maker to decide the weight to give to the plan.

When completing the review part of the process, a local planning authority can look at policies on an individual basis. If a local planning authority can justify not updating policies, they can continue to have full weight.

Revisions to the plan or certain policies within it must follow the [plan-making procedure](#); including preparation, publication, and examination by the Planning Inspectorate on behalf of the Secretary of State.

What should authorities consider when determining whether policies should be updated?

The authority will need to consider:

- conformity with national planning policy;
- changes to local circumstances;
- their Housing Delivery Test performance;
- whether the authority can demonstrate a five year supply of deliverable sites for housing;
- appeals performance; and
- success of policies against indicators in the Development Plan as set out in their [Authority Monitoring Report](#).

What evidence is required when carrying out a review?

A local planning authority may need to gather new evidence to inform their review. Proportionate, relevant and up-to-date evidence should be used to justify a decision not to revise policies

What is required when updating a plan?

If the local planning authority decides to update their plan in full or in part, the authority should ensure that the resultant plan follows the procedural requirements, meets all other legal requirements, and satisfies the tests of soundness.

What is the process for publishing reasons not to update a plan?

If a local planning authority decides that they do not need to update their policies, they must publish the reasons for this decision on their website within five years of the adoption date of the plan. A local planning authority will not necessarily need to revise their entire plan in whole and may publish a list of which policies they will update and which policies they consider do not need updating.

How do the review requirements apply to Statements of Community Involvement?

Local planning authorities must review their Statements of Community Involvement every five years from the adoption date. It is important that Statements of Community Involvement are kept up-to-date to ensure effective community involvement at all stages of the planning process. Therefore, a local planning authority should regularly review and update their Statement of Community Involvement to reflect any changes to engagement.

A local planning authority may review and revise their Statement of Community Involvement at the same time as reviewing and revising a plan to reflect what action is taken to involve the community in any change to the plan.

Do neighbourhood plans have to be reviewed every five years?

The requirement to review local plans at least every five years, does not apply to neighbourhood plans. Policies in a neighbourhood plan may become out of date, for example if they conflict with policies in a plan that is adopted after the making of the

neighbourhood plan. In these cases, the more recent plan policy takes precedence. In such cases, communities may decide to [update their neighbourhood plan, or part of it.](#)

Build to rent

Should authorities promote build to rent?

Build to rent is a distinct asset class within the private rented sector, and has been defined in the [National Planning Policy Framework glossary](#), in order to simplify its treatment within the planning system.

As part of their plan making process, local planning authorities should use a local housing need assessment to take into account the need for a range of housing types and tenures in their area including provisions for those who wish to rent. Specific demographic data is available on [open data communities](#) which can be used to inform this process. The assessment will enable an evidence-based planning judgement to be made about the need for build to rent homes in the area, and how it can meet the housing needs of different demographic and social groups.

If a need is identified, authorities should include a plan policy setting out their approach to promoting and accommodating build to rent. This should recognise the circumstances and locations where build to rent developments will be encouraged – for example as part of large sites and/or a town-centre regeneration area.

What provision of affordable housing is a build to rent development expected to provide?

The National Planning Policy Framework states that affordable housing on build to rent schemes should be provided by default in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development should be managed collectively by a single build to rent landlord.

20% is generally a suitable benchmark for the level of affordable private rent homes to be provided (and maintained in perpetuity) in any build to rent scheme. If local authorities wish to set a different proportion they should justify this using the evidence emerging from their local housing need assessment, and set the policy out in their local plan. Similarly, the guidance on [viability](#) permits developers, in exception, the opportunity to make a case seeking to differ from this benchmark.

National affordable housing policy also requires a minimum rent discount of 20% for affordable private rent homes relative to local market rents. The discount should be calculated when a discounted home is rented out, or when the tenancy is renewed. The rent on the discounted homes should increase on the same basis as rent increases for longer-term (market) tenancies within the development.

How should affordable private rent be calculated?

Affordable private rent should be at a level that is at least 20% less than the private market rent (inclusive of service charges) for the same or equivalent property. Build to rent developers should assess the market rent using the definition of the International Valuations Standard Committee as adopted by the Royal Institute of Chartered Surveyors.

Is affordable private rent the only form of affordable housing permitted on build to rent schemes?

It is expected that developers will usually meet their affordable housing requirement by providing affordable private rent homes. However, if agreement is reached between a developer and a local authority, this requirement can be met by other routes, such as a commuted payment and/or other forms of Affordable Housing as defined in the [National Planning Policy Framework glossary](#). The details of this must be set out in the S106.

How can the proportion of affordable private rent and level of discount be flexed?

Both the proportion of affordable private rent units, and discount offered on them can be varied across a development, over time. Similarly it should be possible to explore a trade off between the proportion of discounted units and the discount(s) offered on them, with the proviso being that these should accord with the headline affordable housing contribution agreed through the planning permission. All options should be agreed jointly between the local authority and the developer as part of the planning permission, and set out in a S106 agreement. Guidance on [viability](#) confirms that viability studies for build to rent schemes can be customised in this way.

How should affordable private rent and market rent properties be managed?

Affordable private rent homes should be under common management control, along with the market rent build to rent homes. They should be distributed throughout the development and physically indistinguishable from the market rent homes in terms of quality and size. They will not need the separate involvement of a registered landlord. Combining the two tenures this way improves viability and any alternation of units between affordable private rent and market rent over time is made easier.

The process for managing affordable private rent units should also be set out in the S106 agreement. This should set out the parameters of the lettings agreement, the rent levels, apportionment of the homes across the development, a management and service agreement, and a marketing agreement setting out how their availability is to be publicised.

The S106 should also require build to rent scheme operators to produce an annual statement to authorities, confirming the approach to letting the affordable units, their ongoing status, and clearly identifying how the scheme is meeting the overall affordable housing level required in the planning permission.

What happens if homes within a build to rent scheme are sold off into separate ownership?

Build to rent schemes would normally, by definition, remain within the rental sector, under common ownership and management, for the long term. Any affordable private rent homes included as part of a scheme, through a S106 agreement, are provided specifically as a community benefit in perpetuity. The sale of a build to rent scheme, or the sale of individual homes within the scheme to other tenures, should not result in the withdrawal of the affordable housing contribution from the local community.

Circumstances may arise where developers need to sell all or part of a build to rent scheme into owner occupation or to multiple landlords or, exceptionally, to convert affordable private rent units to another tenure. The S106 should include stipulations covering such scenarios including a mechanism for recouping (“clawing back”) the value of the affordable housing provision that would normally be provided for development as reconfigured, taking account of the affordable private rent homes that were originally agreed and will remain available following the sale.

How should the clawback arrangement be structured?

It is for local authorities to decide how to structure any clawback arrangement, and whether the clawback should be by reference to viability and values at the time of the original application, or values and viability when the scheme is sold. One approach could be for authorities to encourage developers to submit two sets of figures when applying for the original permission, i.e. one for a “build to rent scenario” and another for a “build for sale scenario”. This would provide certainty and clarity for all parties as to all the initial values applying to the scheme, including the affordable component under a sale scenario, in the event that all or part of the build to rent scheme is sold.

The S106 should set out what should happen if any homes are to be withdrawn from affordable private rent. This can take the form of alternative provision of other affordable housing, as defined in national planning policy. Alternatively, clawback arrangements can be used, the proceeds of which should be spent on the provision of alternative affordable housing, for the benefit of the community. The following is a formula that may be used for this purpose.

Clawback sum = D x E, where:

D is the price at which the home(s) withdrawn from Affordable Private Rent are sold;

E is the percentage discount that had been applied to the rent in respect of the Affordable Private Rent home(s) being sold.

For example, if the home had a sale value of £500,000, and the discount level is 20%, this would generate a clawback of £100,000.

How is eligibility to occupy affordable private rent homes determined?

Eligibility for occupying affordable private rented homes should be agreed locally between the local authority and the scheme operator, but with regard to criteria set out in planning guidance. This will ensure a consistent approach to eligibility assessment across the country and reduce any risk of delay in considering build to rent applications.

Final decisions over the occupancy criteria for affordable private rent homes should be made by the build to rent scheme operator, working with the authority, taking into account the criteria below. The eligibility criteria for the affordable private rent homes should be set out in the S106 agreement. Authorities must take a reasonable position in negotiating occupancy criteria with build to rent developers, and eligibility should not constitute grounds for refusing planning permission.

Eligibility should be determined with regard to local household income levels, related to local rent levels. Where authorities maintain an “intermediate housing list” they may wish

to suggest names from this, or potentially even their Statutory Housing list, taking into account the affordability of the homes to those on the list. Authorities should refrain from having direct nomination rights from their housing list.

In the absence of an established local intermediate housing list, developers and authorities may consider assembling a unique dataset for the development. In so doing they should have regard to the local authority housing allocation policies and any relevant potential candidates from the Statutory Housing list. The list should also ideally include evidence about peoples' local residence or employment connections.

How is a longer tenancy policy applied to build to rent homes?

The national policy definition of build to rent in the [National Planning Policy Framework glossary](#) states that build to rent developers will as a norm offer longer tenancy agreements of three years or more to all new tenants who want one. These are sometimes known as “family friendly tenancies” since they provide longer term security and stability for those who wish to settle down within a community. To implement this policy, developers and authorities should observe the following steps:

- In granting planning permission for build to rent developments, authorities should set in place a planning condition requiring scheme operators to offer tenancies of three or more years to all tenants in the development, who are eligible to live in the country for that period (under the right to rent). This should apply to all tenants, whether paying market rent or affordable private rent.
- There is no obligation on customers to take up the offer of a three year tenancy. They may prefer a tenancy of six months, one year or two years, and companies should offer these as an alternative, if requested.
- Where the rent or service charges are to be reviewed during the period of the tenancy, the basis for the review and for calculating the increase (whether as a fixed percentage or index linked to inflation) should be clearly set out in the tenancy agreement.
- Periodic rent and service charge reviews will also help to ensure there is an appropriate ongoing match between the occupants of the affordable private rent homes, and their income levels.
- Tenants should not be locked into longer tenancies for the full period of the agreement. Tenants should have the option to terminate at one months' notice, after the first six months, without a break fee being payable.
- There may be periods during the operation of a build to rent scheme when the offer of longer tenancies would interfere with planned refurbishment works. In such circumstances it would be permissible to offer shorter tenancies, running up to the date of the scheme refurbishment.

Should build to rent homes meet additional minimum standards?

Build to rent homes are normally designed, constructed and managed to a high quality standard. Individual schemes should meet any relevant local and national planning policy requirements. Affordable private rent homes within any particular scheme should be constructed and managed to the same high quality standards as the private rental homes. There are no extra national standards in addition to this.

There is no national requirement for authorities to apply [national space standards](#) in their area. Space standards are optional. Where authorities choose to apply them the national policy does not preclude authorities from dis-applying them for particular parts of the local plan area, or for particular development types, such as build to rent schemes.