

<b>Report To:</b>	<b>LOCAL PLAN DEVELOPMENT PANEL</b>
<b>Date:</b>	<b>5<sup>TH</sup> JULY 2022</b>
<b>Heading:</b>	<b>LOCAL PLAN EVIDENCE BASE UPDATE</b>
<b>Executive Lead Member:</b>	<b>NOT APPLICABLE</b>
<b>Ward/s:</b>	<b>ALL WARDS</b>
<b>Key Decision:</b>	<b>NO</b>
<b>Subject to Call-In:</b>	<b>NO</b>

### **Purpose of Report**

To update the Local Plan Development Panel on the evidence base for the emerging Local Plan.

### **Recommendation(s)**

It is recommended that the Local Plan Development Panel note the additional evidence base documents in relation to Logistics and First Homes.

### **Reasons for Recommendation(s)**

For information in relation to possible implications of the evidence for the emerging Local Plan.

### **Alternative Options Considered**

None

### **Detailed Information**

A local plan must be based on proportionate, relevant and up-to-date evidence (National Planning Policy Framework [NPPF] paragraph 31). The evidence needs to inform what is in a plan and shape its development. All local plans are examined by a planning inspector in determining whether a plan is 'sound'. The inspector will consider whether a plan is justified, taking into account the reasonable alternatives and based on proportionate evidence.

Studies, assessments and background documents provide the evidence base which underpin the emerging Local Plan. Where practical, the Council works together with neighbouring authorities to provide the evidence base to reduce costs and demonstrate cooperative working. This also facilitates the legal requirement to meet the duty to cooperate set out in legislation and identifies relevant strategic matters which cross administrative boundaries and need to be addressed in Plans.

Two additional evidence base studies are nearing completion, First Homes and a Logistics Study.

### First Homes

A key aspect of the emerging Local Plan is providing housing to meet local housing needs. A Housing Need Assessment was undertaken in 2020 as part of the evidence base. However, subsequently, the Government introduced a national policy for First Homes through a Written Ministerial Statement and planning practice guidance.

The definition of affordable housing in NPPF Appendix 2: Glossary includes affordable housing. The definition includes '*discounted market sales housing sold at a discount of a least 20% below market value*'. First Homes are a specific kind of discounted market sale housing which fall within the definition of affordable homes. Planning Practice Guidance First Homes (PPG) includes the following requirements:

- a. they must be discounted by a minimum of 30% against the market value;
- b. they are sold to a person or persons meeting the First Homes eligibility criteria;
- c. on their first sale, they must have a restriction registered on the title at HM Land Registry to ensure the discount continues in perpetuity;
- d. after the discount has been applied, the first sale must be at a price no higher than £250,000 (or £420,000 in Greater London).

Some of these national requirements may be amended at a local level based on evidence.

Planning Practice Guidance First Homes set out that First Homes are the government's preferred discounted market tenure and should account for at least 25% of all affordable housing units delivered by developers through planning obligations. If, for example, the local plan set out a policy requirement for 10% of houses developed to be affordable housing, of that 10%, 25% would need to be First Homes. Therefore, for a development of 300 dwellings, 30 dwellings would be affordable homes, of which 8 dwellings would be First Homes. First Homes through developer contributions would be delivered through the Section 106 agreement<sup>1</sup>.

The Study covers Ashfield and the Nottingham Core Housing Market Area councils. It provides an analysis looking at the cost of housing to buy and rent in the study area. It confirms that for Ashfield affordable housing should relate to affordable rents and social rents. A further issue identified for Ashfield is that ownership of homes is restricted by access to capital (e.g. for deposits, stamp duty, legal costs) as well as potentially mortgage restrictions (e.g. where employment is temporary). Therefore, a focus on a First Homes approach is not recognised as being helpful. An alternative would be shared ownership<sup>2</sup> which is another form of affordable housing which provides an alternative way to home ownership.

The analysis does not preclude the Council from not taking First Homes forward and makes a series of recommendations in relation to the nature of First Homes at a local level.

1. The government has set out a model S106 Agreement for First Homes.

2. Shared ownership – You buy a share in a property where you cannot afford all of the deposit and mortgage payments for a home that meets your needs. <https://www.gov.uk/shared-ownership-scheme>

## Logistics Study

Logistics involve the people, processes, and programmes required to keep items moving in and out of warehouses to enable an efficient, sustainable and effective supply of goods for consumers and businesses. The logistics sector can contribute to local employment opportunities and has distinct locational requirements that need to be considered in formulating planning policies.

One of the key requirements in the NPPF is for strategic policies in any local plan to make sufficient provision for employment. The NPPF in paragraph 83, together with planning practice guidance Housing and Economic Needs Assessment (PPG) places a substantial emphasis on logistics. Strategic policy-making authorities are required to collaborate with other authorities, infrastructure providers and other interests to identify the scale of logistics needs across the relevant market areas.

The current evidence for employment land needs for the Nottinghamshire Core<sup>1</sup> and Outer<sup>2</sup> Housing Market Areas is set out in the Nottingham Core HMA and Nottingham Outer HMA Employment Land Needs Study 2021, Lichfield. The Study indicated there was a substantial regional demand for logistics along the M1 corridor in Nottinghamshire.

The Logistic Study looks to fill the gap in the evidence in relation to strategic logistic requirements, that is for units of 9,290 sq m or more (100,000 sq ft plus) to 2040. It relates to Nottingham Core and Outer HMAs. In accordance with national guidance, it reflects analysis of market signals, engagement with logistics developers/agents, analysis of economic forecasts and engagement with the Local Enterprise Partnerships plans and strategies.

In summary, the draft Study sets out:

- The pandemic's impact on consumer habits has increased the Midlands' logistics & industrial market toward new heights. The East Midlands in 2022 is outperforming every other region in the UK for large scale unit demand. Vacancy is under 2%, which is essentially regarded as market failure.
- Majority of existing stock (74% est.) is pre 2000 suggesting need for replacement before the end of the study period. (The average useful economic life of a strategic warehouse is set out as 30 years).
- There are ongoing requirements for sites of 46,450 sq m to 92,900 sq m (500,000 sq ft to 1,000,000 sq ft) along the Nottinghamshire M1 for logistics and manufacturing however the lack of investment units means they are pushed out of area – losing economic growth opportunities.
- Focus is on the M1 corridor 'big box' market performance. However, there is also a market for units of over 9,000 sq m on A-roads in the study area.
- The Green Belt has historically constrained the development of large-scale logistics sites on this part of the M1 corridor (Junction 25, 26 and 27) which is a prime location for national operators.

- The Study sets out a series of demand figures based on different approaches. Its draft recommendation is the upper end of the need spectrum for logistics should be taken forward with a figure for planning policy purposes of 1,486,000 sqm or 425 ha.
- Taking into account proposed allocations by Ashfield at Junction 27 and Erewash, there is a significant residual need for logistic sites. This is anticipated to be in the order of two large strategic logistics parks depending on the final status of emerging allocations and permissions.
- The draft Study considered the local labour market and identified, based on various assumptions and as an illustration, 8,650 jobs may be generated if sites are allocated to meet future logistics demand. It identifies that within the study area, warehousing specific employment has grown from 5,000 to 11,000 jobs between 2015 to 2020, a 120% increase. The sector requires various types of employment but it is anticipated that there will be an increase in technical professions: engineering / data (higher skill).

1. Broxtowe Borough Council, Erewash Borough Council, Gedling Borough Council, Nottingham City Council and Rushcliffe Borough Council.
2. Ashfield District Council, Mansfield District Council and Newark & Sherwood District Council.

The final First Home Study and the Logistics Study will be included in the emerging Local Plan evidence base on the Council’s website once they have been signed off by the participating Councils. They will form part of the evidence that needs to be considered by Ashfield District Council and the other Councils in relation to their emerging Local Plans.

## **Implications**

**Corporate Plan:** Planning, and the Local Plan in particular has a cross cutting role to play in helping to meet and deliver the 6 priorities identified in the Corporate Plan. In particular, the Local Plan has a key responsibility in delivering the outcomes around the supply of appropriate and affordable homes, improving town centres, facilitating economic growth especially around transport hubs, improving parks and open space and increasing tree coverage.

**Legal:** The Planning and Compulsory Purchase Act 2004 (as amended) requires local planning authorities to keep under review the matters which may be expected to affect the development of their area or the planning of development. (Section 15). Section 33A of the Act places a legal duty on local planning authorities, county councils and public bodies to engage constructively, actively and on an ongoing basis to maximise the effectiveness of development plan documents or local development documents preparation in the context of strategic cross boundary matters. National guidance on these aspects is provided through the National Planning Policy Framework, National Planning Practice Guidance and Written Ministerial Statements. [RLD 23/06/2022]

**Finance:** The cost of the studies is funded from the budget allocated for the Local Plan. [PH 27/06/2022].

Budget Area	Implication
General Fund – Revenue Budget	The cost of the studies is funded from the budget allocated for the Local Plan.

General Fund – Capital Programme	None
Housing Revenue Account – Revenue Budget	None
Housing Revenue Account – Capital Programme	None

**Risk:**

Risk	Mitigation
No specific risk arises from the report.	

**Human Resources:** There are no direct Human Resource implications from the report.

**Environmental/Sustainability:** The studies are required as part of the evidence base for the Local Plan, which must reflect sustainable development. Consequently, it contributes towards achieving the requirement for sustainable development set out in Section 39 of the Planning and Compulsory Purchase Act 2004 and the National Planning Policy Framework 2021.

**Equalities:** There are no diversity or equality implications from the report.

**Other Implications:** None

**Reason(s) for Urgency:** Not applicable.

**Reason(s) for Exemption:** Not applicable.

**Background Papers**

- National Planning Policy Framework, available on the Government’s website.
- National Planning Practice Guidance First Homes available, on the Government’s website.
- National Planning Practice Guidance Housing and economic needs assessment available on the Government’s website.
- Affordable Housing Update Written Ministerial Statement published on 24 May 2021, available on the Parliament website.
- Housing Needs Assessment 2020, Icenl, available on the Council’s website.
- Nottingham Core HMA and Nottingham Outer HMA Employment Land Needs Study 2021, Lichfield, available on the Council’s website.

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