

Hinckley and Bosworth Borough Council

Response to Changes to the Current Planning System Consultation

23rd September 2020

The standard method for assessing housing numbers in strategic plans

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

The existing housing stock in a local authority area is not an indicator of future household growth, and so it is considered this is an imperfect measure for future housing needs. The standard method as a whole does not take account of any strategy for future growth at a local, regional or national level other than a rather arbitrary ambition to boost housing delivery to 300,000 + homes per year.

Overall the method is an unsatisfactory tool for apportioning housing need across England and fails to direct housing growth to areas of economic growth and infrastructure investment (e.g. areas benefitting from HS2), or areas which are best able to deliver higher levels of growth. Linked to this the method makes no account of the links between housing and jobs. The separation of consideration of both issues together could lead to homes being provided in the wrong place, far from employment opportunities/centres and lead to increased unsustainable commuting.

The consultation paper states that one of the aims of the revised methodology is to remove volatility in housing need calculations and increase stability and predictability. The new method will not achieve this. In the case of our borough (Hinckley and Bosworth Borough Council (HBBC)) housing need will double based on the new method (889 from 452) and this is primarily a result of using 2018-based projections as opposed to 2014-based. Such a change can hardly be described as stable or predictable, and hampers long term planning and plan production.

For HBBC there is strong doubt that the revised figure could be delivered by the market in the short or longer term even if sufficient land was made available, and it seems our authority is being set up to fail at the outset along with many other similar authorities. It is difficult to support a method which directs more housing growth to our largely rural authority than to Newcastle-Upon-Tyne, Watford or Southampton. At a high level it makes no planning sense to transfer housing need from big cities to smaller towns and rural areas,

We ask the government to revisit the standard method to address issues raised above.

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

Notwithstanding our concerns over the methodology as a whole 0.5% would seem a reasonable figure to use, although to emphasise existing housing stock is not a satisfactory baseline measure of future housing needs.

It does however raise questions around, for example, areas where a significant proportion of the existing stock is holiday/second homes as again this does not equate to actual housing need.

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

There are a range of issues which impact on house prices and affordability such as the availability of mortgages and the wider economic landscape, and housing supply is only one aspect of this complexity. However it is acknowledged that there is some link between housing supply and demand and affordability and using the workplace median house prices to median earnings is a locally specific way of linking demand and affordability. Therefore the most recent year should be used as a baseline as this is the market position at the time.

However a potential perverse impact of using this measure could be that if supply is limited in currently more affordable areas through the method will this lead to longer term affordability issues in those areas as a result of potential 'under supply'?

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

Incorporating an adjustment for affordability over the past 10 years may be a positive step for those authorities who have seen improved affordability, as they will be subject to a reduced affordability adjustment.

However those authorities that have seen a worsening affordability ratio will be required to take on an additional increase in housing needs because the delivery of housing has not kept up with the market need over the past 10 years. Housing delivery is not always within the local planning authorities' (LPA) control. In addition there are other factors along with housing supply that impact on house prices and affordability which again are not within the gift of local authority planning to control.

This additional adjustment factor could have the impact of pushing some LPA's housing needs beyond what they are already struggling to provide through either land supply or market delivery, and could worsen 5 years land supply positions, allowing for more speculative unplanned development allowed through appeals - which brings additional impacts on infrastructure which aren't always correctly mitigated through planning obligations.

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

Housing supply influences affordability rather than the other way round and therefore affordability should be considered. However, whether increasing numbers through the additional affordability ratios in the adjustment factor is the best way to address this is to be determined. As mentioned in our response to Q4, by pushing housing numbers higher (which will be the case in the majority of local authority areas) to decrease demand is a fine sentiment but some authorities may struggle to meet the housing numbers expected, thereby seeing speculative unplanned development being granted an appeal.

Also, planning for higher numbers is only one element of getting housing delivered and the consultation paper recognises this by stating that there are many houses that have been granted yet have not been built. Latest figures shows that 2,564,600 units have been granted planning permission by councils since 2009/10 while only 1,530,680 have been completed. By increasing local housing needs across the country, how are LPAs expected to ensure they are delivered with developers controlling their own market and by extension, overall affordability. Also, how does the Government expect the supply chain to keep up with the overall increased housing numbers across the country?

Finally as the method provides a local authority wide figure, the affordability adjustment (and method overall) fails to take account of local variations of affordability. This will be a particular issue in large authorities and/or those with a mix of rural and urban locations which see quite a wide variation in house prices between different towns and villages. This could mean that the overall baseline need is increased due to the affordability adjustment even though there is a wide variation of house prices and affordability across an authority.

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

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

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

Q6 - For those authorities that have used the standard method and have commissioned further evidence to establish that their proposed housing figure meets the needs of the local area and have been out for consultation, this seems a reasonable time frame to enable the LPA to continue with their local plan and secure their housing figure without having to waste time and money repeating the process, already hard fought to get to.

Clarity has to be given that if found sound, the housing numbers in those plans that have been adopted during the transitional arrangement will be able to rely on their newly adopted figure for five years post adoption of the plan.

Q7 – As above to the answer to question 6, authorities will have undertaken a significant amount of plan preparation based on an established housing need figure, including commissioning evidence studies at an expense to the authority. It would seem reasonable to give a sufficient period of time to allow those authorities to bring those plans forward. The democratic process of plan approval (which may have been impacted, and continue to be impacted by Covid-19) and which can take a number of months should also be considered. Therefore a period of longer than 3 months to publish a Regulation 19 plan should be given. We suggest a minimum of 6 months which would seem reasonable to balance a desire to introduce a new method to calculate housing need, and to bring forward sound plans, and to do so whilst being mindful at the expense authorities will have already gone through to bring plans to an advanced stage in plan production.

Delivering First Homes

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

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

ii) Negotiation between a local authority and developer.

iii) Other (please specify)

Option ii) is most appropriate. For HBBC current policy requires 75% of affordable housing to be for social or affordable rent, and 25% for intermediate tenure. Our latest evidence on housing needs has shown this tenure split to be broadly appropriate. It would be expected therefore that First Homes would make up the intermediate tenure and the remainder for affordable rent properties.

However there are instances where for reasons of evidenced local need, or where flexibility would be appropriate to improve the viability of a site, the council has renegotiated the split, and it would be effective to be able to continue to respond to local conditions in this way.

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

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

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

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

We consider no exemptions should apply

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

The arrangements as set out are reasonable.

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

The level of discount should be set at a local level and form part of a Supplementary Planning Document. This will allow the LPA to respond to local market conditions at a micro level.

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

Yes. This has for some time been an acceptable way to increase the viability of exception sites, and works well as long as the majority of the site fulfils the identified need for affordable housing for local people.

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

No, this will impact on affordable housing delivery in general, and adversely impact on affordable housing in rural settlements, where site sizes in general are lower.

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

Yes. However the designated protected areas definitions are hopelessly out of date and no longer fit for purpose. It would be more transparent and easier to apply if the definition for exception site policies was changed to refer to settlements of less than 3,000, as it would be easy for everyone to understand and transparent in its application.

Supporting small and medium-sized developers

Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period? (see question 18 for comments on level of threshold)

We do not support the raising of the small site threshold due to the impact it would have on affordable housing delivery. However the intention to support SMEs in the shorter term is supported, but it could be managed in a different way, e.g. by allowing Affordable Homes Grant on section 106 site which meet certain conditions. Whichever route is taken it should be for as short a period as possible to allow delivery of much needed affordable housing.

The provision of affordable housing to meet identified needs is an essential element of the planning system. Raising the threshold, even for a time limited period, will result in the loss of much needed affordable homes. This would have knock-on impacts on housing waiting list times and homelessness, with homeless households facing longer periods in temporary accommodation due to the reduction in affordable housing coming forward.

For HBBC based on past trends should the threshold be raised to sites of 50 dwellings or more we could lose out on around a third of the total affordable homes we would normally expect to secure. This would equate to nearly 90 affordable homes over an 18 month period.

It is noted that the consultation paper itself presents no evidence that developer contributions prevent small and medium sized developers from bringing sites forward, or any evidence that these developers will come forward to acquire sites if the threshold is raised. The paper also fails to consider other issues and barriers which may prevent small and medium sized developers from bringing sites forward such as the competition for land, cost of land acquisition and economies of scale factors etc.

In addition these measures would apply equally to large volume housebuilders as to small and medium builders therefore large housebuilders would be able to bring forward sites of 39/49 dwellings and not be required to provide a single affordable home.

There would also be a wider impact on land-led affordable housing schemes being delivered by registered providers and local authorities. Increasing the site thresholds will, in turn, increase the price of the sites concerned as there is no longer an affordable housing requirement attached to any development. Therefore, social housing providers are more likely to find themselves priced out of acquiring small to medium size sites and this will reduce their ability to deliver new affordable housing developments (particularly in locations where there is a focus on small scale infill developments or small edge of settlement sites). Large volume housebuilders could also force SME builders out of the market for these smaller sites, particularly as they would now be more attractive to larger housebuilders.

The inclusion of affordable housing in schemes, particularly where the proposals are contentious, can help 'sell' the scheme to local residents and reduce opposition. This proposal may increase opposition to development and actually hinder housing delivery.

Whilst we do not support this proposal should it be considered appropriate we ask that the option of it being limited to brownfield sites only be considered as this is where costs tend to be higher.

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

i) Up to 40 homes

ii) Up to 50 homes

iii) Other (please specify)

As discussed in response to Q17 we do not consider this to be a rational policy change. However if it is accepted that the threshold will change, in order to minimise the impact on the supply of affordable housing the threshold should be set as low as possible – a maximum of 20 units.

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

See response to Q18 above.

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

Given our concerns over the loss of affordable housing and lack of evidence that the proposal will actually help SME bring sites forward the change to the threshold should be for a limited period only. 18 months should be the maximum period with no extensions. Demands on affordable housing are higher in times of recession and the delivery of more affordable homes should not be jeopardised.

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

Under the current system applicants already seek to bring sites forward under the threshold levels. With the threshold levels being increased there is more scope to attempt to circumvent the system by splitting sites or reducing site capacities. For HBBC we would expect 40% of homes to be affordable on sites of 50 dwellings so there is therefore significant motive to bring sites forward below the threshold and provide no affordable housing. We would welcome further measure that would seek to limit the ability of applicants to seek to circumvent the thresholds.

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

This threshold should remain.

Q23: Are there any other ways in which the Government can support SME builders to deliver new homes during the economic recovery period?

Larger developers and land agents often secure the large greenfield sites on the edge of settlements as they can outbid SMEs. It is very hard for them to compete for land.

Also, housing associations are also able to build on hard to develop sites (with high remediation costs) because of the grant funding they receive from Government.

If SMEs could get grant funding to enable them to build the more difficult sites that are usually under the dwelling threshold of large developers there may be less reluctance from SMEs to build out the smaller, more difficult sites.

Extension of the Permission in Principle consent regime

Q24: Do you agree that the new Permission in Principle (PiP) should remove the restriction on major development?

We do not disagree, although there are limited advantages unless consideration is given to the decision making process and appeal routes. A two step process for major development will not speed up final consent or subsequently the delivery of housing. The principle of development is often the quickest issue for the LPA to conclude - particularly where brownfield or within the urban area. These principles are established already by local plan policies. Where they are not established it is where they are outside of the urban area where most major sites are located. It is not clear how an officer could establish the principle of major housing development that is contrary to policy without technical detail to balance harm against benefits as the harm/benefits can not be established? Would this lead to a large percentage of greenfield major PiPs being refused as by default they are not acceptable in principle?

Notwithstanding that, the principle of development is often the politically sensitive issue that prevents permissions gaining consent via Planning Committee. Therefore, PiP for major development will only be quicker if the appeals process for PiP major schemes is fast tracked. As this then becomes a two step process, planning principle on appeal and then technical approval on appeal this could actually be a slower process unless changes are also proposed to the handling of PiP appeals both at stage 1 and 2 (both could require inquiry or consideration to the appropriateness of PiP decisions via written representations).

The acceptability of principle can be established through pre-application. Although not formalised, the views of the LPA are established with the technical issues then worked on. Compulsory pre-application on major schemes with monitored time-scales would achieve more than PiP on major schemes as it would remove the two step appeal concern.

An alternative would be to run stage 1 and 2 in parallel, stage 2 (technical) is often more time consuming than establishing principle. Therefore they could be decided separately but in parallel, although stage 2 could not be issued before stage 1.

There may also be unintended consequences of extending PiP to major development. PiP can be a less costly and less time consuming route to securing principle compared to outline or full

permission. This may lead to applicants securing a PiP on sites to increase land values with little desire or incentive to bring those sites forward. Under the traditional route (outline/full permission) the applicant will go to the expense of undertaking a range of studies/work to ensure the site has been fully assessed to support the application. There is therefore some incentive then to bring sites forward within the time period to get a return on that investment. With PiP there is not necessarily that same incentive.

Q25: Should the new Permission in Principle for major development set any limit on the amount of commercial development (providing housing still occupies the majority of the floorspace of the overall scheme)? Please provide any comments in support of your views.

Commercial development faces the same issues set out above with regards to establishing the principle of largescale proposals without technical details.

Where major commercial development is acceptable in principle this is already set out in local plan policy. Therefore any largescale commercial development contrary to policy can not be established in principle without technical detail?

If major development PiP were introduced clear guidance would be required on the definition of 'majority' of floor space. For example is 1,000sqm of residential floor space a majority over 999sqm of commercial or is the majority 51%?

Q26: Do you agree with our proposal that information requirements for Permission in Principle by application for major development should broadly remain unchanged? If you disagree, what changes would you suggest and why?

If PiP were to be introduced requirements should largely remain the same. There is little reason in having PiP if other matters are incrementally introduced for consideration. Scale is not a matter of principle.

Principle remains the simple part [relative to technical approval] for the LPA Officer; however this process does not remove the bureaucracy in decision making that delays process. Clear guidance on the scope of decision making should be published.

Q27: Should there be an additional height parameter for Permission in Principle? Please provide comments in support of your views.

No, as above, height is not a matter of principle.

Q28: Do you agree that publicity arrangements for Permission in Principle by application should be extended for large developments? If so, should local planning authorities be:

i) required to publish a notice in a local newspaper?

ii) subject to a general requirement to publicise the application or

iii) both?

iv) disagree

If you disagree, please state your reasons.

Agree, the scope should be wider than the current PiP requirements. For major schemes iii) is the best option however the requirements for publication should be brought up to date through the use of technology in general. There is no reason why greater use of social media could not be expected or even be a requirement.

Q29: Do you agree with our proposal for a banded fee structure based on a flat fee per hectare, with a maximum fee cap?

The banded approach seems appropriate, we do not consider there to be a better alternative.

Q30: What level of flat fee do you consider appropriate, and why?

As we have not had dealings with any PiP of any size we don't have a view on what a flat fee would be in terms of cost recovery.

Q31: Do you agree that any brownfield site that is granted Permission in Principle through the application process should be included in Part 2 of the Brownfield Land Register? If you disagree, please state why.

This seems a sensible approach and is supported.

Q32: What guidance would help support applicants and local planning authorities to make decisions about Permission in Principle? Where possible, please set out any areas of guidance you consider are currently lacking and would assist stakeholders.

Clear guidance on the detail required to make a PiP for major development valid, and what if any additional information a LPA can request to determine such an application. The Planning Practice Guidance should set out what the limits of the application route are with regards to what central government consider matters of principle to be, what this type of application is limited to.

An Outline application that considers principle, considers matters of access, ecology, heritage etc. These are considered to be matters essential to establishing principle, which is where confusion arises. How much certainty does PiP for major development actually give to developers if access/

transport and other key considerations are not considered? It is difficult to see that developers would be any further forward using this route to consent.

Q33: What costs and benefits do you envisage the proposed scheme would cause? Where you have identified drawbacks, how might these be overcome?

As previously discussed, the principle of development is often the politically sensitive issue, meaning that if these applications are determined by Committee and refused, the appeal process could add additional cost through time and appeal preparation costs. This would also mean additional appeal costs if the technical details are also refused. This could be overcome by having no right of appeal; however, this would again not achieve the objectives of PiP for major development. Alternatively, there would need to be a fast track appeal route, and be written representations rather than hearing or appeal, for this application type. Could PiP and technical approval run alongside one another and be determined separately but at the same time?

The benefits are detailed within the text of the consultation in paragraphs 119 to 121 - formal decision on principle for low cost (if approved) giving the applicants better lending negotiation for technical approval.

Q34: To what extent do you consider landowners and developers are likely to use the proposed measure? Please provide evidence where possible.

We have experienced little uptake of PiP applications and have not been approached by a landowner to add a site to part 2 of the Brownfield Register. Applicants seem to currently prefer the outline/full approach and we see this continuing even if these proposed changes are implemented.

However some may use the route to formally establish principle but the popularity of this could be dependant on the appeal options and how this is envisaged to work. Introducing another appeal level would more likely dissuade large housebuilders from using the route as it would add time to being able to actually commence development on a site.

Q35: In light of the proposals set out in this consultation, are there any direct or indirect impacts in terms of eliminating unlawful discrimination, advancing equality of opportunity and fostering good relations on people who share characteristics protected under the Public Sector Equality Duty? If so, please specify the proposal and explain the impact. If there is an impact – are there any actions which the department could take to mitigate that impact?

No further comment