



WEST OXFORDSHIRE  
DISTRICT COUNCIL

## WEST OXFORDSHIRE DISTRICT COUNCIL

Name and date of Committee	<b>Development Control Committee: Monday 21 September 2020</b>
Report Number	<b>Agenda Item No. 6</b>
Subject	<b>Consultation on Changes to the Current Planning System</b>
Wards affected	ALL
Accountable member	Councillor Jeff Haine, Cabinet Member for Strategic Planning Email: <a href="mailto:jeff.haine@westoxon.gov.uk">jeff.haine@westoxon.gov.uk</a>
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Summary/Purpose	To consider the proposed response to the Government's consultation on changes to the current planning system.
Annex	<a href="#">Annex A</a> – Proposed WODC response to the consultation
Recommendation	That the content of the report be noted, and that the Committee decides whether it wishes to submit comments on the proposed response to Cabinet.
Corporate priorities	
Key Decision	No
Exempt	No
Consultees/ Consultation	Internal consultation with various Officers at West Oxfordshire District Council and also at Cotswold District and the Forest of Dean.

## **I. BACKGROUND**

- 1.1. The Government has recently published a consultation paper on proposed changes to the current planning system.
- 1.2. It focuses on four main topics; the standard method for assessing housing need, delivering first homes (the Government's latest form of affordable home ownership), raising the small sites threshold for affordable housing provision and extending the current system of 'permission in principle' to larger developments.
- 1.3. The consultation paper is the subject of an 8 week public consultation which closes on 1 October 2020 and complements a number of proposals set out in the Government's White Paper: Planning for the Future, which is the subject of a separate consultation.
- 1.4. This report provides a brief overview of the consultation proposals together with an Officer response. Attached at [Annex A](#) is the proposed WODC response to the consultation structured around the proposals and specific consultation questions contained therein.
- 1.5. The Cabinet will agree a response at its meeting on 23 September, and this Committee is invited to consider the proposed formal response to the consultation set out in [Annex A](#) and submit comments to Cabinet as desired.

## **2. CHANGES TO THE CURRENT PLANNING SYSTEM: A SUMMARY OVERVIEW**

- 2.1. The consultation covers four main topics. These are summarised below together with the overall view of Officers. The summary should be read in conjunction with the suggested consultation response attached at [Annex A](#).

### **The Standard Method for Assessing Housing Need**

- 2.2. Through the revised NPPF published in 2018, the Government introduced a new 'standard method' for assessing housing need, with the aim of having a common approach in place amongst local authorities to reduce the amount of debate at examination and speed up plan-making. It was not of relevance to the West Oxfordshire Local Plan because that was submitted for examination in 2016.
- 2.3. The purpose of the standard method is to identify the minimum number of homes to be planned for. In other words, it represents a starting point and in some instances, there will be local circumstances which will warrant it being exceeded (e.g. particular growth / infrastructure aspirations).
- 2.4. The standard method was updated in February 2019 and is now proposed to be further altered to help ensure delivery of the Government's target of 300,000 new homes per year. It is very clear that the Government does not want land supply to be a limiter to this ambition.
- 2.5. Under the current method, there are three steps; Step 1 sets a baseline using a 10-year average of the Government's official 2014-based household projections; Step 2 makes an upward adjustment based on housing affordability (using median house price-to-earnings ratio) and Step 3 imposes a cap which limits the increases an individual local authority can face (no more than 40% above the average annual housing requirement set out in existing policies).
- 2.6. In West Oxfordshire, this current method results in a basic housing need figure of 563 homes per year.
- 2.7. Under the new approach, at Step 1, 2018-based household projections are used to derive a 10-year average annual household growth, which is considered alongside 0.5%

of the existing dwelling stock in the local authority area. The baseline figure is taken as whichever is the higher of the two.

- 2.8. At Step 2, the new approach puts a greater weight on market signals including two adjustments for affordability including the median house price-to-earnings ratio (similar to how it is calculated now, but allowing for more downward and upward adjustments) plus consideration of how affordability in the local area has changed over the previous 10 years.
- 2.9. Importantly, unlike the current method, the new approach does not include any sort of cap to limit the level of increase for individual authorities.
- 2.10. The new method results in a national housing need of 337,000 homes per year. The figures for Oxfordshire are shown per annum in the table below, with West Oxfordshire's figure representing a relatively modest increase from 563 homes per year under the current standard method to 653 per year using the new approach.
- 2.11. Coincidentally, this is very similar the figure of 660 per year identified for West Oxfordshire in the Oxfordshire SHMA (2014).

	<b>Cherwell</b>	<b>Oxford</b>	<b>South Oxon</b>	<b>Vale</b>	<b>West Oxon</b>	<b>Oxon</b>
Proposed Standard Method	1305	656	723	1447	653	4784

- 2.12. In terms of transitional arrangements, those authorities that have new local plans in progress and have formally published their plans or are close to doing so will be given either 6 or 9 months to formally submit them for examination from the date the new method is introduced.

**Officer Response**

- 2.13. Because of when the West Oxfordshire Local Plan was submitted in 2016, the standard method for establishing housing need has not been a significant consideration in West Oxfordshire to date.
- 2.14. It is evident from the West Oxfordshire Local Plan and other Local Plan examinations that considerable time is often spent developing and debating different assessments of housing need which can lead to expense and delay in plan-making. As such, the principle of establishing a 'standard' method which all authorities can work to is on the face of it, a sensible proposition.
- 2.15. The original standard method published in 2018 and refined in 2019 clearly has limitations and unfortunately, these have not been remedied in the latest proposals.
- 2.16. The starting point under both the current and proposed approach is the Government's official household projections. Whilst these give an indication of future household growth, they are trend-based and simply 'roll forward' what has happened in the past.
- 2.17. As such, they have distinct limitations. This is particularly the case for the 2018-based projections which factor in only two years' worth of migration data, increasing the risk of the projections being 'skewed' by short-term trends.
- 2.18. The proposed approach suggests that alongside the household projection, the existing dwelling stock of the local area should be considered. However, other than the fact it is stable and a known quantity, the consultation fails to explain why the dwelling stock is

taken into account. As such, it gives the impression that it has simply been included to inflate the baseline figure to whichever is the higher of the two.

- 2.19. Under the proposed approach, two adjustments are then made to factor in 'affordability' or rather the lack of. Whilst this is clearly a key consideration, in reality there is little evidence to suggest that increasing housing supply in any way suppresses existing market sales values or rents and improves affordability. As such, it is essential that any adjustment for affordability is a sensible one that does not result in unrealistically high indication of need that even if it were able to be achieved, would in reality do little to bring down the market value of new housing.
- 2.20. This is particularly relevant given that the consultation proposes to remove the cap which currently limits the level of increase for individual authorities. In the absence of any sort of cap, for Cotswold District, the proposed standard method results in an extremely high figure of 1,209 new homes per year, well beyond both the recent 10-year average delivery of 543 homes per year and the current Local Plan requirement of 420 homes per year.
- 2.21. Whilst this consultation paper and the associated White Paper, make it clear that the new standard method for housing need is a starting point only and that other considerations such as constraints presented by AONB and Green Belt can be factored in to determine a 'housing requirement,' at present there is little detail on how this will be achieved.
- 2.22. Around 1/3 of West Oxfordshire falls within the Cotswolds Area of Outstanding Natural Beauty, but does this mean 1/3 can be trimmed off the housing need figure of 563 homes per year? Almost certainly not, but at present there is no information available as to how those broader considerations will be taken into account in translating the basic housing need figure into a specific requirement.
- 2.23. In summary, the principle of a common approach to establishing housing need is sensible and should, in theory save time and money at examination helping to speed up plan-making.
- 2.24. However, there are known limitations with using trend-based household projections, particularly when short-term migration trends are used, and the relationship between housing delivery and affordability is complex, meaning that whilst an adjustment for housing affordability clearly needs to be factored in, this should not be at the expense of ridiculously high (and undeliverable) levels of housing need, particularly when exacerbated by removing the cap which is used in the current method.

### **Delivering First Homes**

- 2.25. The Government initially consulted on its First Homes proposals in February 2020. First Homes are intended to support those who wish to purchase a home in their local area but are unable to afford a property on the open market. They will have a discount of at least 30% from the market value, with any discount then carried forward in perpetuity through restrictive covenants. The intention is that First Homes are prioritised for local people, first-time buyers and key workers.
- 2.26. The current consultation explains that the Government intends to set out in policy that a minimum of 25% of affordable housing units secured through developer contributions should be First Homes – this will be a national threshold set out in planning policy. Generally this will be secured through on-site provision but where a financial contribution is secured, at least 25% of this should be used to secure First Homes (e.g. by acquiring additional First Homes from market development).

- 2.27. Because local authorities will already have policies in place setting out the amount and type of affordable housing expected from development, under the new system any planning application should seek to capture the same amount of value as would be captured under the current policy - albeit with a different type of affordable product.
- 2.28. Provided the minimum 25% of First Homes is provided, for any remaining requirement, the developer would then either follow the general mix identified in the Local Plan (adjusted as appropriate for the First Home element) or simply negotiate with the local authority to agree an appropriate mix. The Government's preference is for the first option.
- 2.29. In terms of transitional arrangements, local plans and neighbourhood plans that are submitted within 6 months of the new policy being enacted will not need to reflect the First Homes policy requirements.
- 2.30. In terms of the level of market discount offered, local authorities will have discretion to increase this from 30% to 40% or 50% subject to appropriate evidence. Where discounts of more than 30% are applied, the proportion of units (at least 25%) will remain in place.
- 2.31. In line with other affordable tenures, First Homes will be exempt from having to pay CIL.
- 2.32. Rural exception sites will continue to be used in designated rural areas (AONB etc.) but elsewhere, a new First Homes exception sites policy will be introduced to support small sites brought forward outside the Local Plan to deliver affordable homes. There will also be some flexibility in the policy to allow a small proportion of other affordable tenures and market homes to support viability.

### **Officer Response**

- 2.33. The concept of First Homes as an additional form of affordable home ownership is supported in principle, however the proposals raise a number of concerns, in particular the prescription of a top-down specific percentage of First Homes (minimum 25%) that must be delivered as a proportion of all affordable housing units.
- 2.34. Whilst First Homes clearly have the potential to play an important role in supporting first-time buyers and others wishing to step onto the housing ladder, it is essential that this is not achieved at the expense of other forms of affordable housing which have an equally important role to play but are less favoured by developers because of the lower return – social rented housing being a case in point.
- 2.35. As an example, recent housing needs evidence prepared in support of the Salt Cross Garden Village Area Action Plan (AAP) suggests a need for a 60/40 split between rented affordable products and affordable home ownership, subject to viability.
- 2.36. Clearly the imposition of a set, national policy requiring 25% of all affordable homes to be First Homes, could artificially skew delivery towards affordable home ownership and away from rented need which may well be more critical.
- 2.37. In terms of the proposed First Homes exception sites policy, the principle of this is supported, however concerns are raised at the possibility of allowing a proportion of market homes to assist viability This should not be necessary because as a 'policy requirement,' any 'subsidy' needed to deliver the First Homes should come out of the land value, in line with the Government's viability practice guidance.
- 2.38. The consultation proposes that no site-size threshold for First Homes exception sites is provided and that instead there will be a more general requirement for such sites to be proportionate in size to the existing settlement. This is very general and either an indicative threshold should be provided or at the very least an indication of what

proportionate is likely to look like e.g. no more than 5-10% of the size of the existing settlement.

- 2.39. The consultation makes it clear that within designated rural areas such as the AONB, delivery of new affordable homes will continue to be through Rural Exception Sites and this approach is supported.
- 2.40. In summary, the principle of First Homes as a new form of affordable home ownership is supported, however it must be seen as one of a number of different affordable products and not imposed in a top-down, disproportionate and prescriptive manner, which will inevitably lead to other affordable products being sidelined particularly where they hold less 'value' in viability terms. In some instances, this is likely to run counter to recent evidence of 'on the ground' housing need.
- 2.41. Concerns are also raised about the possibility of allowing market housing on First Home exception sites. Simply put, this should not be necessary with any loss in 'value' being absorbed by the landowner. The suggested removal of any sort of site size threshold for such exception sites also raises concerns on the basis that it lacks clarity and is likely to lead to large-scale proposals coming forward in inappropriate locations simply on the basis that they are providing First Homes.

#### **Supporting small and medium-sized developers (SMEs)**

- 2.42. To support SMEs in the medium-term post Covid-19, the Government is proposing to temporarily increase the small-site threshold at which affordable housing can be sought. At present, in West Oxfordshire, under Policy H3 of the Local Plan, other than within the AONB only larger housing schemes of 11 or more units will be required to provide affordable housing on-site. Within the AONB, a financial contribution from smaller schemes of 6-10 units will be sought.
- 2.43. Under the Government's current proposals, the threshold for affordable housing contributions would be raised to either 40 or 50 units for an initial period of 18 months. It is argued that whilst there would be a small reduction in affordable housing delivery, on balance, the proposed approach would allow more sites to come forward and help to minimise economic pressure on smaller enterprises.
- 2.44. In designated rural areas (AONB etc.) the current threshold would remain the same.

#### **Officer Response**

- 2.45. Officers have strong concerns about this proposal even if applied on a temporary basis. A large proportion of housing sites coming forward in West Oxfordshire are less than 40 – 50 units in scale and under Policy H3 of the Local Plan (recently adopted) the Council is now able to secure on-site affordable housing on schemes of 11 or more units. This has already helped to deliver much needed affordable homes including in rural areas and is expected to continue to do so.
- 2.46. To suggest that the threshold is raised so that no affordable housing would be sought on schemes of up to 50 units is a serious risk to affordable housing delivery. The consultation paper itself acknowledges that delivery of new affordable homes will fall by up to 20% but concludes that raising the threshold would make more sites viable for SME developers and increase the pace of their delivery.
- 2.47. No evidence is provided to this effect, it is simply based on anecdotal assertions that in some way existing policy requirements for affordable housing are in any way hampering SMEs from bringing forward schemes of this scale.
- 2.48. The Government's practice guidance on viability is very clear that policy requirements such as affordable housing provision should be reflected in the price paid for land. On

this basis, there should be no viability issue as the lower value of any affordable housing provision, should be absorbed by the landowner.

- 2.49. To suggest that raising the threshold for provision to 40 or 50 units will assist with viability runs entirely counter to the Government's own practice guidance. The reality is that it will make little difference to the pace of housing delivery but will severely impact on the number of affordable homes delivered.

### **Extension of Permission in Principle to major developments**

- 2.50. The final element of the consultation relates to the granting of Permission in Principle which was first introduced in 2017 as a new, faster way of obtaining planning permission for housing-led development.
- 2.51. Initially, this related to sites identified as suitable for housing on local authority brownfield land registers but was extended in 2018 to include minor developments of fewer than 10 homes.
- 2.52. There are two stages; the first stage 'Permission in Principle' establishes whether a site is suitable for development. This grant of permission is for five years and no planning conditions can be attached to it. The second stage (technical details consent) is when the detailed proposals are assessed and conditions can be attached accordingly.
- 2.53. The Government's separate White Paper proposes that in due course, land allocated for substantive development in Local Plans will be automatically granted a form of permission in principle. Because those proposals will take some time to come into effect, the Government is proposing a shorter-term change to remove the current restrictions in the Permission in Principle regulations on major development.
- 2.54. Thus it would be possible for schemes of 10 – 150 units to be progressed via an application for Permission in Principle (noting that 84% of applications for residential development are for schemes of this size which deliver 46% of new housing development each year).
- 2.55. The Permission in Principle route would not generally be applicable to schemes which comprise EIA development or for sites which are likely to have a significant effect on a European site (e.g. Oxford Meadows).
- 2.56. Importantly, the current Permission in Principle arrangements allow for other, non-residential uses to be included alongside housing (e.g. office, retail) but capped at a limit of 1,000 sq.m/1 hectare. Under the proposed changes, there would be no cap set on any non-residential element, although proposals would continue to be expected to be housing-led.
- 2.57. Notably, procedural arrangements including the current 5-week determination period and 14-day public consultation period, as well as the information requirements expected of applicants, would remain largely unchanged despite the fact that schemes of up to 150 homes could be considered via the Permission in Principle Route. As part of the consultation, views are sought on whether additional information on building heights should be provided or not.
- 2.58. In terms of publicity, the intention is to give applications for Permission in Principle on larger sites additional coverage like a regular planning application – either through social media or a more traditional notice in a newspaper.
- 2.59. In terms of application fees, a banded fee structure is proposed according to site size but would be capped for larger sites of more than 2.5 hectares to act as an incentive for applicants to go down the Permission in Principle route in preference to securing outline planning permission.

- 2.60. It is also proposed that sites which are brownfield and secure consent through the Permission in Principle route will be recorded on Part 2 of the local authority's brownfield land register.
- 2.61. General views are sought on what additional guidance may be needed to support the Permission in Principle option as well as the potential costs and benefits which the proposals might cause.

### **Officer Response**

- 2.62. Officers have significant concerns about these proposals. Whilst the concept of granting Permission in Principle for sites identified on brownfield land registers and smaller sites of fewer than 10 dwellings is accepted, to open up the approach in respect of much larger sites including undeveloped, Greenfield sites creates a number of concerns including the lack of a robust evidence base upon which judgements about suitability / acceptability can be made.
- 2.63. In short, Officers would question how a sensible judgement can be made on the suitability of a greenfield site of say 100 – 150 units when the applicant is only required to submit a description of the proposed development, information on the number of dwellings, the amount of any non-residential development, the size of the site and a brief description of any supporting information that is accompanying the application. The only additional information highlighted in the consultation paper relates to building heights.
- 2.64. Officers also have concerns about the proposals to remove the current cap on the proportion of non-residential development which can come forward as part of a residential scheme under Permission in Principle. It is essential that some sort of proportional limit is imposed. Relying on schemes being 'housing-led' with housing occupying the 'majority of the floorspace of the overall scheme' could in theory lead to a proposal with 51% housing and 49% non-residential uses.
- 2.65. Whilst this is an extreme example, it would appear possible under the current proposals and raises significant concerns about the ability of such proposals to be properly scrutinised and assessed in light of appropriate evidence.
- 2.66. Concerns are also raised about the potential for lack of sufficient publicity and community engagement as well as the proposed fee arrangements which are clearly intended to incentivise applicants away from outline planning applications and towards the Permission in Principle route, notwithstanding the fact that such applications will still place a considerable resource burden on the local authority.

### **Conclusion**

- 2.67. The proposed changes to the planning system have some merit, but raise a number of concerns.
- 2.68. In principle, the concept of a standardised approach to housing need is sensible in providing greater certainty and reducing unnecessary and lengthy debate. However, there are known limitations with using trend-based household projections, particularly when short-term migration trends are used, and the relationship between housing delivery and affordability is complex, meaning that whilst an adjustment for housing affordability clearly needs to be factored in, this should not be at the expense of ridiculously high (and undeliverable) levels of housing need.
- 2.69. The principle of First Homes is supported, but should not be imposed in blanket fashion at the direct expense of other affordable housing products. There are also concerns about the possibility of allowing market housing on First Home exception sites (which should not be necessary from a viability perspective) as well as the suggested removal of

a site-size threshold which lacks clarity and is likely to lead to large-scale proposals coming forward in inappropriate locations.

- 2.70. Significant concerns are raised about the prospect of increasing the affordable housing threshold to 40 or 50 units, even on a temporary basis. There will clearly be a significant reduction in affordable new homes coming forward and the evidence to suggest it would in any way expedite medium-scale housing schemes coming forward via SMEs is non-existent.
- 2.71. Finally, significant concerns are raised in respect of the proposed extension of the permission in principle to cover major development. Whilst the separate White Paper proposes that land allocated for substantive development in Local Plans is automatically granted a form of permission in principle, with a Local Plan process, there is the opportunity to consider in detail the suitability of the proposed allocation and thereby justify (or otherwise) some form of permission in principle.
- 2.72. However, what is proposed through this consultation appears to be a simple 'side-stepping' of the current outline planning application route in favour of a simpler and less onerous permission in principle route with more favourable application fees to act as an incentive. There would be less time for members of the public to comment, potentially extensive non-residential development 'badged' as housing-led development and importantly, a much reduced requirement for supporting evidence and justification upon which a sensible decision can be made.

### **3. FINANCIAL IMPLICATIONS**

- 3.1. This report has no financial implications.

### **4. LEGAL IMPLICATIONS**

- 4.1. This report has no legal implications.

### **5. ALTERNATIVE OPTIONS**

- 5.1. The report and response set out the reasoning for the proposed comments. Cabinet is free to add to or vary those comments as it sees fit.

### **6. BACKGROUND PAPERS**

- 6.1. Changes to the current planning system: consultation on changes to planning policy and regulations (August 2020)  
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment\\_data/file/907215/200805\\_Changes\\_to\\_the\\_current\\_planning\\_system\\_FINAL\\_version.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/907215/200805_Changes_to_the_current_planning_system_FINAL_version.pdf)

**WODC proposed response to Government consultation on changes to the current planning system**

**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?**

In principle, the concept of a standardised approach to housing need is sensible in providing greater certainty and reducing unnecessary and lengthy debate. However, there are known limitations with using trend-based household projections and it is understood that the 2018-based projections are based on migration data over a 2-year period (2016 – 2018) which is likely to artificially inflate the starting point for assessing housing need for many local authorities.

A good case in point is neighbouring Cotswold District, where the revised standard method suggests a three-fold housing increase to over 1,200 homes per year is needed – clearly an anomaly created by strong recent growth – and clearly highlighting the well-known limitations of using short term trend-based projections to determine future levels of growth.

In terms of the existing dwelling stock, the consultation paper gives little justification for factoring in the number of existing dwellings to future calculations of need, other than to suggest that they are stable and something of a known quantity.

Because no clear explanation is provided, it appears that consideration of the existing dwelling stock has only been factored into the calculation in order to help push up the baseline starting point in areas where the latest household projections may be relatively low. This does not appear to be either appropriate or justified.

**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.**

See response above - the consultation paper gives little justification for factoring in the number of existing dwellings to future calculations of need, other than to suggest that they are stable and something of a known quantity.

It also unclear why 0.5% is considered to be the most appropriate 'benchmark'. For this reason it is impossible to comment on whether 0.5% is appropriate or not.

Because no clear explanation is provided, it appears that consideration of the existing dwelling stock has only been factored into the calculation in order to help push up the baseline starting point in areas where the latest household projections may be relatively low. This does not appear to be either appropriate or justified.

**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.**

The Council accepts that some sort of adjustment for market signals/housing affordability is appropriate and this may include consideration of workplace-based median house price to median earnings ratios.

However, whilst affordability is clearly a key consideration, in reality there is little evidence to suggest that increasing housing supply in any way suppresses existing market sales values or rents and improves affordability.

It is therefore essential that any market-signal related adjustment for affordability is a sensible one that does not result in unrealistically high indication of need that even if it were able to be achieved, would in reality do little to bring down the market value of new housing.

This is particularly relevant given that the consultation proposes to remove the cap which currently limits the level of increase for individual authorities.

**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.**

As above – the Council accepts that some sort of adjustment for market signals/housing affordability is appropriate and this may include consideration of changes in affordability over the last 10 years.

However, whilst affordability is clearly a key consideration, in reality there is little evidence to suggest that increasing housing supply in any way suppresses existing market sales values or rents and improves affordability.

It is therefore essential that any market-signal related adjustment for affordability is a sensible one that does not result in unrealistically high indication of need that even if it were able to be achieved, would in reality do little to bring down the market value of new housing.

This is particularly relevant given that the consultation proposes to remove the cap which currently limits the level of increase for individual authorities.

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

As above – the Council accepts that some sort of adjustment for market signals/housing affordability is appropriate. However, it is essential that the standard method does not give it too much weight, resulting in an unrealistically high indication of need that even if it were able to be achieved, would do little to bring down the market value of new housing.

In reality, there is little evidence to suggest that increasing housing supply in any way suppresses existing market sales values or rents and improves affordability. As such, whilst affordability should be taken into account, the amount of weight it carries in upwardly adjusting the baseline demographic starting point must be tempered accordingly.

**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?**

The transitional arrangements appear appropriate in respect of those authorities which have reached publication of their Local Plan under Regulation 19. 6 months from publication to submission should be more than sufficient in the vast majority of cases.

**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?**

Whilst this proposal appears sound in principle, it lacks clarity. What does ‘close to publishing’ actually mean in practice? This will need to be clarified further as many authorities are likely to argue that they are close to this stage in order to proceed with their existing evidence base.

Notwithstanding this lack of clarity, the principle of giving such authorities 9 months to submit their plan appears appropriate.

### **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 off-site 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)**

The concept of First Homes as an additional form of affordable home ownership is supported in principle, however the proposals raise a number of concerns, in particular the prescription of a top-down specific percentage of First Homes (minimum 25%) that must be delivered as a proportion of all affordable housing units.

Whilst First Homes clearly have the potential to play an important role in supporting first-time buyers and others wishing to step onto the housing ladder, it is essential that this is not achieved at the expense of other forms of affordable housing which have an equally important role to play but are less favoured by developers because of the lower return – social rented housing being a case in point.

Clearly the imposition of a set, national policy requiring 25% of all affordable homes to be First Homes, could artificially skew delivery towards affordable home ownership and away from rented need which may well be more critical.

If the proposal to stipulate 25% First Homes is brought into effect, a combination of options i) and ii) above would seem to be the most sensible – in other words to take any existing Local Plan policy requirement in respect of tenure mix but to discuss the ongoing appropriateness of that tenure mix in light of the 25% First Home requirement and any other material considerations such as up to date evidence of local need.

**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?**

Yes – as the focus for build to rent is on those wishing to rent rather than buy, it would be appropriate to exempt such provision from having to provide First Homes as a type of affordable product. The focus should remain on affordable rent.

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

The Council considers that all existing exemptions are required.

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

The Council does not consider any additional exemptions are required.

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

Yes.

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

The Council welcomes the proposal for local discretion to increase the discount to 40% or 50%, evidenced through the local plan making process, in high value areas if First Homes are to be genuinely accessible to median income earners.

However, where this adversely affects viability and reduces the overall level of affordable housing that can be sought, local authorities should be able to set a lower than 25% requirement for First Homes to maintain delivery of affordable housing at current levels.

**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?**

No. The Government's planning practice guidance on viability is clear that any policy requirements should be reflected in the price paid for land. There should be no need to cross subsidise First Homes through the provision of any element of market housing.

In short, the cost of providing First Homes should be absorbed by the landowner and even at say 70% of market value, the 'premium' over existing land value on many sites, in particular greenfield sites in agricultural use, will be significant.

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

No – the proposal lacks clarity and would be open to much interpretation. In short, it is likely to lead to large-scale proposals coming forward in inappropriate locations simply on the basis that they are providing First Homes.

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

Yes - it is essential to retain the existing rural exception sites policy in designated rural areas, and not First Homes. This will allow the Council to continue to provide the right type and tenure of affordable housing for the needs of those rural settlements. Genuinely affordable housing, particularly social rented, is very much needed to retain low paid local workers in sectors such as agriculture, tourism and healthcare that are vital to rural areas.

#### **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?**

No – the Council is strongly opposed to the proposed increase in the small-sites threshold, even on a temporary basis. The consultation paper itself acknowledges that delivery of new affordable homes will fall by up to 20% and argues that raising the threshold would make more sites viable for SME developers and increase the pace of their delivery.

However, no evidence is provided to this effect, it is simply based on anecdotal evidence and assertion that in some way existing policy requirements for affordable housing are in any way hampering SMEs from bringing forward schemes of this scale.

The Government's practice guidance on viability is very clear that policy requirements such as affordable housing provision should be reflected in the price paid for land. On this basis, there

should be no viability issue as the lower value of any affordable housing provision, should be absorbed by the landowner.

To suggest that raising the threshold for provision to 40 or 50 units will assist viability runs entirely counter to the Government's own practice guidance. The reality is that it will make little difference to the pace of housing delivery but will severely impact on the number of affordable homes delivered.

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

**i) Up to 40 homes**

**ii) Up to 50 homes**

**iii) Other (please specify)**

The Council considers that existing thresholds should be retained, particularly in rural districts, where large scale development and therefore opportunities for delivery of affordable housing are limited.

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

No - The Council believes it will be detrimental to the delivery of affordable housing. See response to Question 17 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?**

The Council does not consider that the threshold should be raised even on a time-limited basis for the reasons set out above.

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

The Council is concerned that the proposed raising of the threshold will encourage developers to artificially split larger sites into phases to circumvent the need to provide affordable housing. Whilst the consultation states the intention to introduce measures to minimise the impact of this potential threshold effect, no detail has been provided yet on how this will be achieved.

It is clearly an important issue to address should the proposal to increase the threshold be taken forward and clarity should be provided as soon as possible.

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

Yes - The Council agrees that in designated rural areas the current threshold should be retained.

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

No. Notwithstanding the District Council's concerns outlined below – if the proposed extension to the Permission in Principle consent regime is taken forward, this would clearly (rightly or wrongly) offer support to SME builders by placing less burden on them to justify and inform their proposals at the 'in principle' stage.

**Extension of the Permission in Principle consent regime**

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

No – the Council has significant concerns about the proposed extension of the Permission in Principle consent regime to larger development proposals.

Whilst the concept of granting Permission in Principle for sites identified on brownfield land registers and smaller sites of fewer than 10 dwellings is accepted, to open up the approach in

respect of much larger sites including undeveloped, Greenfield sites creates a number of concerns including the lack of a robust evidence base upon which judgements about suitability / acceptability can be made.

How can a sensible judgement be made on the suitability of a greenfield site of say 100 – 150 units when the applicant is only required to submit a description of the proposed development, the number of dwellings, the amount of any non-residential development, the size of the site and a brief description of any supporting information that is accompanying the application. The only additional information highlighted in the consultation paper relates to building heights.

The proposed extension of permission in principle to larger schemes should work its way through consultation on the White Paper and if it is taken forward, this should be through the plan-making process only, allowing for local authorities to collate the appropriate evidence and for it to be scrutinised at examination before being confirmed.

It should not be applicable to major development brought forward through the development management process as to do so would present a clear risk in terms of the absence of robust supporting information upon which to make an in principle decision in respect of suitability.

**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.**

Yes – there should be a limit imposed on any non-commercial element as is currently the case with smaller sites. As currently worded, ‘housing-led’ could lead to a scheme which is 51% housing and 49% non-housing coming forward under Permission in Principle.

Whilst this is an extreme example, it demonstrates the risk in not setting a limit on the proportion of non-residential floorspace.

**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?**

The consultation paper suggests that the only additional information which would be sought in respect of a major housing scheme of up to 150 units would be information on building heights. The Council is concerned about the ability to make a robust and informed decision on the suitability of a site for housing and non-housing uses based on the minimal information listed including site area, description etc.

Whilst it is acknowledged that the regulatory and technical burdens on applicants should not be too onerous, at the same time, it should not be the case that a local authority will be expected to grant Permission in Principle for potentially large and contentious development proposals based on a bare minimum amount of information.

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

As above, whilst building heights may well be an important consideration, there is likely to be further additional information needed by the local authority to make a suitably informed and robust decision on site suitability, particularly for larger development proposals.

The District Council has concerns that local authorities will be expected to grant Permission in Principle for potentially large and contentious development proposals based on a bare minimum amount of information.

**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.**

Given the relatively rapid turnaround for a decision (5-week determination) it is vital that any such application for Permission in Principle is given maximum publicity as early as possible. This should include a site notice, a notice in a local newspaper, across social media and any other appropriate channels of communication.

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

Whilst in simple terms it seems reasonable for a lower fee to be applicable to smaller sites, which is then increased accordingly based on site size, it is difficult to respond properly to this question without further additional information including the average amount of officer time likely to be taken dealing with any such application and information on the level of any 'cap' which would be imposed in respect of larger development proposals.

Whilst the resource requirements associated with a Permission in Principle application are likely to be less than an outline or detailed planning application, they are not insignificant and it would be helpful to see a worked example on the likely number of Officer hours to determine a larger Permission in Principle application set against further information on the level of any cap likely to be imposed.

Without this analysis it is impossible to determine whether the proposed fee structure is reasonable or not.

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

See answer to Question 29 above.

**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.**

Yes – there is no reason not to include any such site on the Brownfield Land Register.

**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 purpose, scope and remit of the Permission in Principle option along with clarity on the supporting technical information needed in support of any such application. Also clear guidance for local authorities on the basis upon which decisions should be made including the inter-relationship with local planning policy and the NPPF and the role of statutory consultees in providing advice.

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

The District Council has significant concerns about these proposals. Whilst the concept of granting Permission in Principle for sites identified on brownfield land registers and smaller sites of fewer than 10 dwellings is accepted, to open up the approach in respect of much larger sites including undeveloped, Greenfield sites creates a number of concerns including the lack of a robust evidence base upon which judgements about suitability / acceptability can be made.

The proposed extension of permission in principle to larger schemes should work its way through consultation on the White Paper and if it is taken forward, this should be through the plan-making process only, allowing for local authorities to collate the appropriate evidence and for it to be scrutinised at examination before being confirmed.

It should not be applicable to major development brought forward through the development management process as to do so would present a clear risk in terms of the absence of robust supporting information upon which to make an in principle decision in respect of suitability.

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

Subject to greater publicity and clarity over the process, it is likely that landowners and developers are extremely likely to take advantage of the relatively streamlined process associated with Permission in Principle.

As set out above however, the District Council has significant concerns about the consideration of large development proposals through this route in the absence of sufficient, robust supporting information upon which to make sensible, informed decisions, particularly given the rapid expected turnaround of 5 weeks for a decision.

**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?**

If the proposals in relation to Permission in Principle are taken forward, it is vital that adequate publicity is given to any such applications through a range of different media so as to not discriminate against people who cannot afford to access a computer or a smartphone or do not have the skills to use them.