

Ministry of Housing, Communities and Local Government

Changes to the Current Planning System

August 2020

West Yorkshire Combined Authority Response

The standard method for assessing housing numbers in strategic plans

Setting the baseline – providing stability and certainty by incorporating a blend of household projections and stock

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?

There is a general concern regarding the lack of detail in the proposals and we have significant concerns relating to their potential impacts. These proposals have the potential to undermine growth plans in West Yorkshire and it is our understanding that the proposals could have similar impacts on other northern city regions. There is a concern therefore that the standard method may work against the levelling up agenda for the North of England.

The proposed standard method appears to result in lowered housing need for the majority of West Yorkshire local authority areas, but conversely a significant increase (potentially doubling) in Wakefield.

Where housing need has reduced, this raises issues for Councils with growth ambitions and the extent to which current housing growth can be justified in the future. Where housing need has significantly increased, such as Wakefield, this raises questions over the realistic deliverability of housing at this scale over a plan period. The intention of the proposal to seek stability appears to have resulted in further volatility.

The table below demonstrates the impact of the proposed method on Council's in West Yorkshire. It exemplifies the perverse impact of the proposed method on the Wakefield district when compared to the four other authorities.

	Current Local Plan Requirement	Average Delivery (Last 3 Years)	Current Standard Method	Proposed Standard Method	% increase / decrease current method to proposed method
Calderdale	-	408	800	587	-27%
Bradford	2476	1574	1704	1211	-29%
Kirklees	1730	1288	1666	1107	-34%
Leeds	3247	2845	2787	2397	-14%
Wakefield	1600	1896	970	1982	+104%

It appears that the recent high levels of housing completions in Wakefield (since 2015/16), has led to the high levels of future projections set out in the 2018 based data set. These completion levels are in part as a result of temporary local circumstances and are unlikely to be sustained. It is therefore suggested that the proposed method alone is not a suitable basis for robust plan making.

With regard to a lack of detail in the proposed methodology it does not seem to be clear what approach should be taken in setting a plan requirement above or below the standard method figure. For example, where local evidence would support a plan target is at a lower level than the standard method guidance is required on dealing with unmet need and where local evidence would suggest a higher target it is not clear to what extent there is local discretion to apply an uplift. With reference to paragraph 18 of the consultation and the statement that '*...this standard method provides the starting point and not the final housing requirement*' it is unclear, for example, to what extent the proposed approach incorporates an economic uplift adjustment to reflect local aspirations for growth.

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.

Adjusting for market signals – maintaining price signals using the current affordability ratio and the change in affordability over the last 10 years

<p>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.</p>
<p>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.</p>
<p>Q5: Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.</p>
<p>Transition</p>
<p>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:</p>
<p>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? If not, please explain why. Are there particular circumstances which need to be catered for?</p>
<p>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?</p>

Delivering First Homes

Percentage of affordable housing secured through developer contributions

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)

Affordability and local housing need: In much of West Yorkshire First Homes are unlikely to be affordable to most buyers without a very significant, and therefore expensive, discount. Evidence suggests in most local authority areas, discounted units would not bring median-priced new homes within reach of median income households (LCR Housing Affordability and Need Study 2020).

Impact on affordable housing supply: If the discount is funded via a national levy as proposed, the policy could significantly reduce the supply of social and affordable homes to rent in areas of high need. There is concern that affordable homes currently delivered through Section 106 would be displaced by First Homes.

Impact on overall housing supply: Delivery of First Homes in place of other affordable tenures may slow down overall absorption rates and increase cashflow uncertainty. This is particularly likely to be the case at present given the significant uncertainty around the housing market and construction caused by the coronavirus crisis, making it more likely that the introduction of First Homes as proposed would further dampen housebuilding.

While First Homes will be more affordable than market sale homes, they may still be unaffordable to those they are trying to help as they are not linked to local incomes. Shelter recently modelled the likely affordability of First Homes and predicted they would *“across the whole of England, only the richest 28% of private renting households earn enough money to be able to access a First Home. The vast majority of private renters – 3.3 million households – will miss out”*.

If local authorities are expected to play a large management role to administer First Homes delivery, allocation and subsequent re- sales, significant capacity and resource would need to be provided to fund this additional workload.

In relation to the remaining 75% of the affordable housing requirement, negotiation provides too much opportunity for pushback as developers would likely want to reduce the provision of affordable rented homes where possible. For the remaining 75% of the affordable housing provision this should be based on local evidence (enforced by Local Plan policies) as with the present approach.

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.

Local plans and transitional arrangements

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

Yes, flexibility in the transitional arrangements is supported as this may help to avoid abortive work and delays in the submission of planning applications. Clarity would be needed in relation to assessing whether a planning application has reached an advanced stage of preparation.

Level of discount

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

The provision for local authority to evidence discounts greater than 30% (to 40% or 50%) would be welcomed as this would allow consideration of local evidence through the Local Plan process. However, further clarity is needed. Whilst the 30% discount is

welcomed, how Local Authorities evidence levels of required discount needs to be clearly defined and quantifiable, or further delays during negotiation is risked. Clarity is also required how this would operate in advance of a Local Plan review as there may be evidence for a discount greater than 30% but the consultation document implies the different thresholds can only be applied through the Local Plan making process.

Exception sites and rural exception sites

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?

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

No. In particular, the NPPF is clear that these sites should not 'exceed 5% of the size of the existing settlement' they are adjacent to. However, the consultation document says it is proposed to 'retain the requirement that First Homes exception sites should be proportionate in size to the existing settlement. This is not retaining what the NPPF currently states. The wording in the current NPPF should be retained in order to ensure that these sites are not overly large. It should also be clear that these sites cannot come forward on land designated as safeguarded in an up to date development plan, as that will undermine plan making.

The removal of the 1 ha site size threshold could lead to large sites which are not plan-led and may go beyond the aim to meet local affordable housing needs through exception sites. It will be important to continue the protection for green belt in these provisions to avoid high levels of unplanned development (as set out in NPPF paragraph 71(b).

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

Supporting small and medium-sized developers

<i>Small sites planning policy</i>
Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period?
<p>No. We have significant concerns with regard to the potential impact from this proposal upon the delivery of affordable housing in West Yorkshire.</p> <p>In West Yorkshire, a significant proportion of affordable housing units are delivered on sites where under 40 homes are delivered. If the small sites threshold were raised higher still to 50 homes, this would lead to further significant loss in the delivery of affordable housing.</p> <p>It is highly unlikely that Homes England will be able to make up the shortfall through the provision of grant unless significant further funding is made available by the government.</p> <p>The intention of this proposal to '<i>reduce the burden of developer contributions, as smaller sites are more likely to be built out by SMEs</i>' does not appear to be fully evidenced. In our experience the requirement for affordable housing on smaller sites does not contribute to a lower delivery of homes and more efficient means of offering SME regular assistance is available to government. Ultimately, this proposal has the potential impact of undermining sustainable, mixed communities, especially outlying and smaller communities, negating access to affordable homes for people that live locally.</p> <p>Furthermore, the use of an affordability ratio adjustment in the updated standard method appears to then be undermined by this proposal which removes the ability of Councils to deliver the quantum of affordable housing required.</p>
Q18: What is the appropriate level of small sites threshold? i) Up to 40 homes ii) Up to 50 homes iii) Other (please specify)
This should remain at 10 or be set in local plan policies.

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

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

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

Affordable housing in rural areas

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

Supporting SMEs

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

Yes. There are other interventions Government could make but many fall outside of land use planning. For example, more could be done to assist with mortgage availability. Another key issue is the dominance in the market of volume housebuilders and the availability to SME builders of reasonably priced, developable land. To address this issue it is suggested that the Government should consider providing councils with a specific allocation of funding and a streamlined compulsory purchase procedure to facilitate the acquisition, preparation, de-risking and master planning of potential SME housing development land at an existing use value + compensation valuation price with a view to parcelling up & releasing the land back to SME builders at cost value.

Extension of the Permission in Principle consent regime

Extending Permission in Principle to cover major development

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

No. We oppose this proposal and the potential impacts it may have on the quality of major developments and public trust in the planning process.

Our suggestion is that this proposal makes the assumption that planning is the cause of delay in delivery of major development and we do not believe this to be the case in West Yorkshire.

In general, the proposal lacks the detail required, especially in regard to the expectations at local plan making stage, including impacts upon timeframes, to provide a fully considered response, and further information is needed.

This proposal appears to reduce local input to major development at the application stage, resulting in reduced community buy-in. In our experience, community interest is generated at outline application stage and it therefore forms an important part of the planning process in consulting local communities on development.

Additionally, there is the potential for this proposal to lead to sub-standard major developments due to a reduction of transparent public involvement through consultation and planning committee oversight. Ultimately, this has the potential to lead to an undermining of the public's confidence in the planning system.

There are also concerns relating to the level of work required in advance of granting permission in principle and the capacity within the Local Authorities to undertake this work. This has implications on infrastructure planning where permission in principle is granted but there is no developer commitment secured through the process of achieving outline permission.

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, the limit should remain. The Local Authority should retain the flexibility to determine the proportion of residential/non-residential development and the type of commercial uses proposed through the planning applications process. This will ensure larger scale commercial facilities are provided in appropriate locations (e.g. retail/offices) in accordance with the NPPF sequential test to safeguard town centres.

Process for making a Permission in Principle application for major development

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?

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

Publicity arrangements

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 (please state your reasons)

Revised fee structure to incentive Permission in Principle by application

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

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

Brownfield Land Registers and Permission in Principle

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.

Additional guidance to support implementation

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.

Regulatory Impact Assessment

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

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

Public Sector Equality Duty

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?

The raising of the affordable housing threshold to 40 or 50 units is likely to have negative impacts on the delivery of affordable housing, including specialist accommodation.