

Appendix 2 Changes to the current planning system - Draft Response

Changes to the Standard method

Question 1:

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?

Question 2:

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.

Question 3:

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.

Question 4:

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.

Question 5:

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

Response to Questions 1 to 5

We support the principles on which the proposed changes to the Standard Method are set, including:

- Being more agile in using up to date data – noting that the latest household projections provide the most robust estimates of future growth
- Increased stability - relating to incorporating housing stock into the potential baseline
- Achieving a better distribution of homes where homes are identified in more high-demand areas, by placing greater weight within the standard method calculation on affordability, including incorporating trends over time.

Notwithstanding the above, we note that there remains a tension between the understandable aims of agility of using up to date data and of increased stability. For areas where household projections form the baseline in particular, there will still be volatility as new data is published.

Further to the above, we note that the supporting policy is not the subject of this consultation, and that as such, this standard method provides the starting point and not the final housing requirement. We consider that the detail of this supporting policy will be critical in understanding whether the proposed changes achieve their intended aims.

Questions 6 and 7

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:

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?

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?

Response to Questions 6 and 7

This circumstance does not apply to Greater Cambridge, but clearly appropriate transition arrangements should be in place.

Setting developer contributions for First Homes

Question 8:

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)

Response to Question 8

iii. other.

The Cambridge City Council and South Cambridgeshire District Council are extremely concerned about these proposals. The proposals would reduce Councils' ability to direct affordable homes to the products that are most needed locally. This will impact directly on those most in need of affordable accommodation.

In terms of the options proposed, the remaining 75% affordable tenure should be set by the Local Planning Authority based on identified housing need and not left open for negotiation with the Developer. Local Housing Authorities have a duty to house those that are homeless or facing homelessness and it is highly unlikely that these households would be able to afford or could access a mortgage for a First Home. Therefore it is essential that the LPA can plan appropriately to accommodate the wider housing needs, not just those wanting to purchase a home.

We do have major concerns about implementing a set target for First Homes. The requirement for 25% of affordable housing to be First Homes would knock out any other intermediate tenures under the City Council's 75/25 social/affordable rent v intermediate policy and South Cambs at 70/30. We should be moving towards a better mix of intermediate tenure types to meet a wider range of needs, but would be unable to do this unless the social/affordable rent percentage was reduced. However, needs analysis shows that the greatest priority for both Councils is the provision of affordable rented/social rented homes. Reducing social/affordable rent would impact on the over 3,000 applicants on Cambridge and South Cambridgeshire housing registers, the vast majority of whom would be unable to afford to buy First Homes.

Replacing shared ownership with First Homes would also affect providers' ability to deliver social/affordable rent, as shared ownership is often used as cross-subsidy. Additional grant would need to be available to make up for the shortfall. To ensure that sites are viable to develop a high proportion of affordable rented/social rented homes, alongside First Homes, it is essential that the Affordable Housing Programme is overhauled to ensure appropriate grant funding is given to the delivery of this tenure.

We are also concerned to note from the government response to the First Homes consultation, that it is likely to be the LPA who will oversee the allocations of First Homes. This would place a huge burden on the LPA, who do not have the resources in place to deal with this. Consideration should be given to using the Help to Buy Agents to run this model alongside other intermediate products. It would therefore make a one-stop shop which is simple for both customer and utilises the expertise already in that sector.

What would be the fallback if First Homes did not attract sufficient demand for the properties? We would want to see that these are swapped to Affordable Rent/Social Rent where we know the demand lies.

Question 9:

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

Response to Question 9:

Yes we agree that the existing exemptions from the requirement for affordable home ownership products should also apply to First Homes. We cannot see how you could provide First Homes as part of an overall Build to Rent Scheme. This would impact on the model which is to provide Affordable Private Rent. There are also management and service charge issues where tenures are mixed within apartment blocks, which is likely to be the general form of a Build to Rent Scheme.

Question 10:

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

Response to Question 10:

No. They are all required.

Question 11:

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

Response to Question 11:

Yes. The 25% minimum provision proposed should not be applicable to rural exception sites, which should be based on identified housing need for the locality. This may include an element of First Homes if the evidence suggests that there is a need for this form of tenure but it should not be prescriptive.

Question 12:

Do you agree with the proposed approach to transitional arrangements?

Response to Question 12:

No.

Some flexibility on applications already being processed is clearly helpful.

There appears to be an assumption that First Homes could just replace the alternative home-ownership products. However, this is not the case, as shared ownership helps to cross-subsidise the Affordable Rent and therefore without shared ownership this will affect the viability of the Affordable Rented.

Given the time and resources needed for Local Plan reviews, the transition solution proposed to simply update policies would not allow a quick change to resolve potentially significant issues.

Question 13:

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

Response to Question 13:

Yes, local authorities needs some flexibility over discount levels based on local affordability.

However, it is likely that if a higher discount is sought due to affordability issues and a minimum of 25% of First Homes is still required, it is likely that this will be to the detriment of the provision of Affordable Rented/Social Rented homes due to viability of providing a higher discounted First Homes.

Question 14:

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?

Response to Question 14:

We are pleased to see the inclusion of other tenure types to be considered within an entry level exception site, as well as a proportion of market homes to help with viability. However, we have concerns that this provision of a First Homes led development is likely in itself to only increase the land values for that development and with the ability to provide market homes as well will only incentive landowners to seek higher prices. It would be helpful if government could apply a land value, perhaps proportion to the value of the scheme based on an all First Homes development, with the ability to provide market homes to cross subsidise some Affordable Rents. First Homes will attract much higher land values than the typical rural exception site. It is therefore likely that rural exception sites will no longer come forward.

Question 15:

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

Response to Question 15:

Yes. The site size threshold as a percentage of the overall existing settlement was always difficult to quantify and therefore we welcome that schemes should be considered in the context of being proportionate in size to the existing settlement

Question 16:

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

Response to Question 16:

No. We do not agree that rural exception sites should only be allowed within designated rural areas. This is not a condition within the NPPF and many rural areas that are not designated have been successful in providing much needed affordable housing for local people. Whilst the inclusion of entry level exception site schemes is likely to impact on the number of rural exception sites coming forward, we would still like the option to deliver rural exception sites based on local need where there is a willing and philanthropic landowner. The removal of rural exception

sites will also impact on the ability to bring forward community-led development, which the government have promoted over the last few years.

If government intend to remove the ability to deliver rural exception sites unless it is a Rural Designated Area – what comfort can be given that the government would be open to consider new areas for designation as rural areas.

Supporting small and medium-sized developers

Question 17:

Do you agree with the proposed approach to raise the small sites threshold for a time-limited period?

Response to Question 17:

No.

Increasing the threshold, even for a temporary period, is not supported. Again, it will reduce the Councils ability to deliver affordable housing in an area where there is a high level of need.

Cambridge City Council and South Cambridgeshire District Council have major concerns with proposal to increase threshold. There are high levels of need for social/affordable rent with around 3,100 applicants on Cambridge and South Cambridgeshire housing registers.

Raising the threshold would appear to conflict with the Planning White Paper desire to maintain/increase current delivery of affordable housing.

There is reference to planning guidance including measures to prevent sites being broken up to stay under the threshold. Without detail of how this could be applied, the Councils remain concerned that this issue could arise given the significant impact of being either side of the threshold.

There are 1,100 dwellings anticipated on sites with planning permission or allocations on sites of 10-50 dwellings in the current Greater Cambridge housing trajectory, all of which would be required by policy to deliver affordable housing. A change in threshold would mean any sites gaining planning permission in the period covered would not contribute. Impact could be even greater given the potential for applicants to seek to revise or seek new consents which would remove their requirement to deliver affordable homes.

South Cambridgeshire District is a rural settlement with over 100 villages. For many villages, affordable housing can only be delivered either through a rural exception site or through S.106 Agreements. As the majority of our villages are small, they are unlikely to take developments of more than 50 units. This in effect means that many of our villages will not be able to deliver affordable housing while the raised threshold is in place. This will have a significant impact on the sustainability of the future of our villages, to ensure affordable homes of all tenures can be delivered.

For example, from planning permissions granted in South Cambridgeshire in 2019/20, the Council would lose a third of the affordable homes that would be provided.

Question 18:

What is the appropriate level of small sites threshold?

- i) Up to 40 homes
- ii) Up to 50 homes
- iii) Other (please specify)

Response to Question 18:

iii. In Greater Cambridge experience suggests that the threshold of 10 units has not been a deterrent to developers building homes, or that viability is impacted. We cannot understand the rationale, therefore, for this proposal, especially at a time when government say they want to increase the delivery of affordable housing. We therefore would want to see the threshold of 10 units or more remain.

Question 19:

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

Response to Question 19:

In terms of a time limit, Cambridge City Council and South Cambridgeshire District Council have serious concerns of the implications that such a short-term measure would bring. Current planning applications approved for schemes under 50 units are likely to be resubmitted to avoid the affordable housing contribution. This is likely to impact on the projected housing delivery supply and could have severe implications on the Council's five year land supply.

Question 20:

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

Response to Question 20:

No. This proposal would give uncertainty to the time period, and could result in it being extended. The impact on affordable housing delivery could therefore be extended further, increasing the impact on those most in housing need.

Question 21:

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

Response to Question 21:

We already take into account cumulative development on sites to count towards the affordable housing contribution, but would welcome further guidance on this to avoid challenges. However, we do not believe the threshold should change from the current level.

Question 22:

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

Response to Question 22:

No. Impact on affordable housing delivery will be significant on rural areas where they are not designated rural areas.

By increasing the threshold to 40 or 50 units will mean the death of affordable housing for many of our small villages. In order to deliver a sustainable development strategy the South Cambridgeshire Local Plan restricts the scheme size in small villages to below this threshold. This would mean that no new affordable housing would come though whilst the raised thresholds was in place.

Schemes below the proposed threshold are viable. Evidence that informed the local plan showed that thresholds below 10 were viable. Delivery of affordable housing on smaller sites has made a significant contribution to the sustainability of our communities.

The additional implication of removing the ability to deliver rural exception sites will also impact on being able to provide affordable rented/social rented homes where it is most needed.

Question 23:

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

Response to Question 23:

Yes. If the proposal is to support SME builders to deliver new homes during economic recovery, perhaps government could look at implementing a threshold dependent on the size and profit of the SME builder. Whilst we would want to support local builders, we do not feel that one size fits all in terms of setting a different threshold.

Funding for SMEs to help deliver affordable homes would ensure that the support is given to those that need it but not at the expense of delivering affordable housing.

Extension of the Permission in Principle consent regime

Question 24:

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

Response to Question 24:

No. The proposals would result in a significant scale of site to go through this process. There are many issues of technical detail that would not be explored until after the development principle has been established. Whilst the risk on small sites may be low, at this development scale those issues could be more significant.

Question 25:

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.

Response to Question 25:

Yes, a threshold should be set if the permission in principle route is to apply to “housing led” schemes. This is even more the case now that many of the previous use classes have now been merged to create a more flexible approach to change of use. This has the potential to result in issues of “bad neighbours” within a single mixed use site and so this potential should be limited to try to mitigate this risk. A limit would also be informative when deciding what the word “majority” means, as set out in the question above.

Question 26:

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?

Response to Question 26:

No. The timescales proposed for receiving and processing comments for such large schemes are extremely short. This would impact on the ability of communities to engage in the planning process, where such sites could have significant impact on their communities, and particularly given the limited range of issues that can be considered under this process.

Such a limited provision of information for potentially such large sites also means that there is the potential for in principle decisions to be uninformed of potentially constraining factors, such as contamination and other environmental factors.

The timeframe for determining such applications also does not take account of the time it can take statutory consultees such as the Environment Agency and others to respond.

Question 27:

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

Response to Question 27:

The acceptable height of a scheme is driven by site context and design quality. This is not something that should be arbitrarily determined on a nationwide basis. Again, this is particularly the case when considering larger sites.

Question 28:

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.

Response to Question 28:

iii. Both should apply, however given the very short timescales involved in determining these applications, newspaper adverts may not always achieve the aim as effectively. Further, there is likely to be an accusation of pushing through major proposals without having sufficient time to engage with the local community. In turn this could build resentment towards the scheme and planning more generally

Question 29:

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

Question 30:

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

Response to Questions 29 and 30:

A banded fee structure is potentially a fairer way to approach this, however it is still likely to result in reduced fees for local planning authorities at a time when existing fees often don't cover the costs of processing such applications.

Determination of an appropriate flat fee should be based on a realistic understanding of local costs involved in processing the application. This is likely to vary between local authority areas and so suggesting a blanket flat fee is not possible.

Question 31:

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.

Response to Question 31:

If proposals in this consultation are taken forward, then sites could be included in the part 2 of the register, as this would in effect simply be listing permissions in principle already established.

Question 32:

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.

Response to Question 32:

The government should take advice from the development industry as to why the permission in principle route has been unpopular up to now. Anecdotal evidence would suggest that many developers want to have a greater degree of certainty around complex technical issues earlier in the process in order that they can properly plan their development and not be pushing complex issues back. Whether there is guidance that could be produced to give applicants more comfort in this area is probably best addressed in responses from applicants and developers.

Question 33:

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

Question 34:

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

Response to Questions 33 and 34

Enabling major developments to receive permission in principle and then the subsequent technical consent could have implications for a Council's five year supply. The definition of a deliverable site refers to sites with detailed planning permission being considered deliverable until the permission expires – it is not clear whether this encompasses technical details consent following on from a permission

in principle. The definition of deliverable only refers to permission in principle in part b of the definition.

If major developments are able to be brought forward via permission in principle and technical consent details, and the definition of deliverable remains as currently, there will be uncertainty as to where these sites with technical details consent fall in the definition of deliverable, therefore causing uncertainty for Councils when preparing and defending their five year supply.

Local evidence would suggest that there have been few such applications for permission in principle under the existing process. If it has not been appealing on the smaller scale applications, then it is uncertain as to whether it will appeal for larger applications. Further, in an area such as Greater Cambridge, where land and development values are high, it is again anticipated that many developers would prefer the certainty and detail of a full planning application rather than this in principle approach.

Public Sector Equality Duty

Question 35:

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?

Response to Question 35

No response proposed.