

Changes to the current planning system consultation  
MHCLG  
3<sup>rd</sup> Floor  
South East Fry Building  
2 Marsham Street  
London  
SW1P 4DF

By email only

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Dear Sirs

**Changes to the current planning system:  
Consultation on changes to planning policy and regulations  
Representations by the Home Builders Federation (HBF)**

Thank you for consulting the Home Builders Federation on the proposed changes to the current planning system. The HBF is the principal representative body of the housebuilding industry in England and Wales. These representations reflect the views arising from discussions with our membership, consisting of national and multinational plc's, through regional developers to small, local builders. Our members account for over 80% of all new housing built in England and Wales in any one year.

We would like to make the following responses to the questions posed in the consultation:

**The standard method for assessing housing numbers in strategic plans**

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

The introduction of a stock-based approach to planning for housing needs will ensure that there is greater stability and predictability that is absent from projection-based figures. The use of the higher of the two figures as a starting point will ensure that growth can be reflected in the housing needs figures for an area. However, while we agree that the housing requirement figure should be based on the higher of the two figures we suggest below (Q2) that the housing stock figure should be 0.75% rather than 0.5% as this will ensure that housing stock is "significantly boosted".

**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.**

We believe that a higher stock-based figure of 0.75% would be more appropriate than the proposed 0.5%. The benefit of this slightly higher figure would mean greater emphasis on delivering dwellings in existing urban areas and would better reflect existing spatial distribution of new dwellings. This level is consistent with the level of delivery of additional homes over the last 10 years and will also "significantly boost" housing stock, one of the key objectives of this government.

**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.**

Yes. Poorer affordability of housing is a reasonable proxy for previous under-delivery of housing stock to meet needs. It is essential that those areas that have failed to deliver housing to meet needs in the past do not continue to under-deliver or continue to plan to under-deliver against housing need.

**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.**

Changes in affordability can be used as a proxy for whether or not housing needs in an area have changed over time. It is, therefore, appropriate to use the change over the last 10 years as an appropriate metric.

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

Given that the government is using affordability as a proxy for areas not keeping pace with needs over the last ten years, it is appropriate for affordability to be given significant weight in the standard method.

However, we are concerned regarding the effect of a very high affordability indicator in London raising this figure to very high levels of housing need for which there is very little chance of the Capital being able to meet them even through green belt review. Under-delivery in London could be as large as 60,000 dwellings per annum with little chance of this shortfall being taken up by the Home Counties through the duty to cooperate.

We fully understand the need to significantly boost the supply of housing and address the past under-supply as quickly as possible. However, this will best be achieved through ensuring that housing is distributed across housing markets all around the country rather than resulting in very high, unachievable targets in London.

In order to overcome this issue we propose limiting the affordability multiplier to 100%. This means that the outcome of the methodology can be no more than double the baseline for any local authority area.

Using the higher of the household projections or 0.75% of the existing stock as we suggest above (Q2), adopting the affordability adjustments proposed by the consultation but limiting the affordability increase to a maximum of 100% results in a spatial distribution of housing requirements across the country as follows:

<b>England</b>	<b>North</b>	<b>Midlands</b>	<b>London</b>	<b>South</b>
<b>338,204</b>	66,486	62,200	63,603	145,915

The national figure is consistent with the government's own methodology, ensuring that we will plan for at least 300,000 additional dwellings per annum. However, this revised methodology supports additional dwellings in the north of England (consistent with the northern powerhouse aspirations) while reducing the target for London to a figure more consistent with the most recent inspectors' report on the latest iteration of the London Plan (in itself an ambitious target, raising current delivery from well under 30,000 dpa to 60,000 dpa). Importantly, the methodology also keeps housing targets high in the south

of England, in particular the South East where historic under-provision has resulted in the most acute affordability problems.

We believe that this alternative methodology, while following the government's own basic methodology, will result in housing supply being significantly boosted but, more importantly, represents the best possibility of housing actually being delivered in order to achieve the necessary step change in housing delivery.

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

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

**Q7: Authorities close to publishing their second stage consultation (Regulation 19), which should be given 3 months from the publication date of the revised guidance to publish their Regulation 19 plan, and a further 6 months to submit their plan to the Planning Inspectorate?**

**If not, please explain why. Are there particular circumstances which need to be catered for?**

Q6. The folly of allowing long transition periods in meeting increased housing needs has been demonstrated by the previous transition period applied at the time of introducing the latest version of the NPPF. The six-month transition period allowed LPAs to take advantage of the period to avoid meeting the new policies of the framework, in particular, in avoiding increases in housing provision.

Those authorities whose housing needs using the newly proposed standard methodology reduced were quick to move forward with new-style plans whereas those whose housing needs increased brought forward their plan programmes solely to beat the six-month submission deadline to take advantage of lower housing needs figures. Many of those accelerated plans were subsequently found unsound, suggesting that the LPAs had submitted poor plans for examination merely to "benefit" from the transition deadline.

While we acknowledge that there should be a transition period for the submission of plans that are already well advanced under the previous methodology, the consultation period itself is a clear indicator of change and thus the submission transition period should be no longer than one month from the adoption of the new guidance. This allows those authorities who are on the cusp of submitting their plans for examination the ability to continue towards adoption but does not allow LPAs to accelerate plans merely to avoid new, increased, housing targets. This would ensure that the step change in housing delivery is achieved quickly and that LPAs move more quickly to drafting plans that meet the new requirements.

Q7. As above, there is clear evidence that suggests LPAs who are faced with increasing their housing provision under the new methodology will use the transition period to postpone the adoption of the new housing need within their emerging plans. This will result in fewer, rather than more, dwellings being planned for in the short term. Transition should be limited solely to those authorities who are about to submit plans for examination, not those who are about to consult on a Regulation 19 plan. Consultation on such a plan misrepresents the long-term needs of the area since it under-represents the housing need for that area. It is pointless for a plan to proceed when it will become

out-of-date on adoption due to it not meeting the latest housing needs requirements using the, by then, current methodology for calculating housing needs.

### **Delivering First Homes**

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

- i) Prioritising the replacement of affordable home ownership tenures, and delivering rental tenures in the ratio set out in the local plan policy.**
- ii) Negotiation between a local authority and developer.**
- iii) Other (please specify)**

First Homes is, as its name implies, a product aimed solely at first time buyers. However, there are many households already on the housing ladder in other affordable home ownership products who will continue to need such products even though they are not first-time-buyers. Therefore, replacing all affordable home ownership products as part of new-build housing projects will limit their options for moving up the housing ladder. Obviously, such households represent only a proportion of those needing affordable home ownership products and thus the proportion within the remaining affordable housing provision should be proportionally decreased.

We therefore believe that it should be a negotiation between the developer and the local planning authority (option ii) that will allow for the most appropriate (and viable) affordable housing option to be provided on sites. This negotiation should be based on evidence from the SHMA or adopted local plan policy otherwise the introduction of First Homes will result in pressure for the remaining 75% of affordable housing to be all social rented property – a tenure not suited to many households in most parts of the country.

**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?**

Current exemptions from the requirement for affordable home ownership products should apply to the First Homes requirement. This should specifically include specialist housing for the elderly which already has such an exemption.

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

All current exemptions should be retained. In particular, the exemption applicable to specialist retirement housing developments should be specifically re-iterated, as it is clearly inappropriate to provide First Homes as part of a retirement housing scheme even where contributions are made towards affordable housing.

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

Exemptions should be allowed if viability of sites is threatened, either by the delivery of First Homes, or by the delivery of an amended affordable home tenure split of the remaining affordable housing provision.

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

We do not accept the need for a long transition period to incorporate this new policy within the tenure split of affordable housing in plans, either adopted or emerging. Plans that have yet to be adopted will be able to introduce the new policy through main modifications. Adopted policies rarely include tenure split, relegating this to supplementary planning documents. Such policies should be amended to include the new requirement within six months.

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

While the HBF has supported the proposal to allow for different levels of discount for First Homes it is not clear from the consultation what evidence will be required to adopt a discount of 40% or 50% at the local plan making process. It cannot be as simple as merely suggesting that more households will have access to First Homes at the greater discount levels as this would logically apply to all areas in the country thus rendering the minimum 30% discount as unnecessary. A discount of 50% for First Homes has a similar effect on cross subsidy as social rented dwellings, thereby threatening the delivery of such dwellings as part of the remaining affordable housing provision.

We therefore propose that the higher levels of discount market sale housing should not be classified as First Homes but as discounted market sale housing and should be included within the remaining 75% of the affordable housing product secured through the planning system.

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

Yes. Site viability will be critical to delivering First Homes on exception sites and in some cases cross subsidy of the 30% discount will be necessary to ensure delivery while maintaining a land sale price acceptable to landowners.

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

Yes. The successful delivery of First Homes exception sites should not be constrained by an arbitrary number of dwellings. However, the use of the term “proportionate” is not defined within the consultation. It would be helpful to provide a definition within the new planning guidance.

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

No. Many of the designated rural areas are those areas where housing affordability is at its worst. Given that First Homes has an element of allowing local people access to discounted market housing this restriction deprives those most in need of access to their first home.

**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?**

Raising the small site threshold will reduce the burden on many developers, reduce the planning negotiation process thereby getting developers on site more quickly. Faster

processing and implementation will stimulate economic recovery, particularly for SMEs and result in increased housing delivery. We therefore agree with the proposal.

**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 threshold should be set at the highest possible level that creates the best balance between removing barriers to development while maintaining a reasonable delivery of affordable homes.

There are different types of development (such as specialist housing for older people) that would encourage economic recovery and meet the aspirations of an ageing population that will also benefit from this exemption. However, because these types of developments are built at high densities, a higher threshold should be set specifically for such developments. Given that there is an acknowledged critical need for this type of accommodation, specifically addressing this disparity in the policy will enable faster decision making and will result in quicker delivery of this much needed specialist form of housing.

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

Yes. There should be a corresponding increase in the site size threshold in terms of area commensurate with the increase in the number of units adopted. Indeed, we believe that the higher of the unit numbers or the site size threshold should be the applicable threshold below which affordable housing provision should not be sought.

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

We believe that this proposal will meet some resistance from local planning authorities who have been used to securing small amounts of affordable housing from a wide number of developments. There are two ways to counter this resistance. The first would be to allow existing S106 agreements to be amended through the re-introduction of S106BA. The second would be to extend the temporary period to reflect the real-life timetable of making an application to an LPA, receiving either a refusal or non-determination of that application and the need to then lodge an appeal and receive a decision through the appeal process. Although the planning inspectorate are working hard to improve their timetables for appeals it is currently taking up to 12 months to determine appeals. Therefore, we believe that to achieve any benefit from this proposal the temporary period should be a minimum of 24 months.

We also suggest that appeals made within the temporary period should be determined in accordance with this policy. This will require the extension of the policy time period for appeals in order that an appeal decision can be made in accordance with the policy even if the temporary period has come to an end.

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

The planning process is already well versed in countering the subdivision of larger sites into smaller sites to avoid planning obligations. Additional restrictions and/or guidance is unnecessary.

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

We acknowledge that designated rural areas can set a lower threshold above which affordable housing contributions can be sought. There is, however, confusion regarding government policy with the existing thresholds in designated rural areas.

To be consistent with the rest of the country, government guidance should make it clear that the threshold of five dwellings or fewer is a minimum threshold below which affordable housing cannot be sought. Currently, many designated rural areas are setting thresholds at levels below five dwellings based on the poorly worded policy and guidance regarding the existing threshold.

Designated rural areas should also be able to set their own threshold at any level that is below the national minimum threshold (but above 5 dwellings) based on viability evidence.

To assist clarity and avoid confusion, we would encourage the government to use the term “designated rural areas” when discussing this particular issue rather than the less specific “rural areas” as used in this question.

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

The government’s previous proposal to require a minimum of 10% of all dwellings to be on small, allocated sites has not been implemented with any great enthusiasm by local planning authorities. Ensuring that there is a wide choice of sites in both size and location would allow SME developers greater market choice and accessibility to provide for more homes in more market areas.

**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?**

Yes. Permission in principle applications should be available on all sites up to 150 dwellings.

**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.**

Provided that the majority of the floorspace is in residential use the requirement that the development is “housing led” will be met. There is, therefore, no need to specify the maximum amount of commercial development applicable to permission in principle applications.

**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?**

Yes. Information requirements for permission in principle should remain as simple as possible to maintain the benefit of applications made using these provisions.

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

We would not advocate a height parameter for permission in principle applications. However, we would accept the maximum height of buildings being proposed as part of the application process. This could be achieved as part of the description of the proposed development.

**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.**

We acknowledge that applications for permission in principle should be subject to publicity. However, as we move towards greater digitisation of the planning process the requirement for a site notice and publication on the website is considered to be sufficient for local communities to be informed of proposals.

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

As recognised in paragraph 113 of the consultation, the consideration by the local planning authority is in regard to the principle of development, not the technical details like a normal planning application. The amount of work required is not, therefore, directly proportional to the size of the proposed development.

However, the benefit of a permission in principle is worth less to a developer than an outline planning permission due to the limited ability to establish a land value and thus borrow against the asset. Thus, the fee to secure PiP should be significantly lower. We would suggest that the maximum fee for a permission in principle should be less than half of the equivalent fee for an outline planning application. Whether the fee is banded as proposed is not as important as making this alternative route an attractive and cheaper option for the potential developer.

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

As suggested above (Q29), the maximum fee should be both an incentive to potential developers to use permission in principle but should also reflect the fact that, while helpful, the resultant decision is less secure than an outline planning permission. Thus, the maximum fee should be less than half the fee of an equivalent outline planning application fee regardless of how it is structured.

**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.**

By definition, all brownfield sites with permission in principle also meet the criteria for inclusion in part 2 of the brownfield register. However, we suggest that the necessary steps are taken to record all permission in principle approvals on a central register whether or not they are brownfield sites.

**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.**



The use of permission in principle is currently very low, not least through the poor understanding of both the development industry and local planning authorities of its potential use. This will change significantly through the proposal to increase the site size threshold. Guidance on the benefits of PiP and the application process/technical details process will be essential if the number of applications is going to rise significantly.

Guidance should encourage positive behaviour by both LPAs and developers in the use of PiP and should help in determining how to assess applications in the light of the limited detail available to the decision maker.

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

The greater use of permission in principle should lead to a more efficient and more transparent process of establishing the principle of development on sites of all sizes (up to 150 dwellings). The simple process will save both time and money for both prospective developers and local authorities in dealing with the principle of development before undertaking the necessary work on the technical details.

Guidance should be clear that technical details should be dealt with quickly and efficiently. This should be predominantly through delegated powers to officers, thereby avoiding long delays caused by waiting for planning committee dates.

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

The current use of PiP applications on sites of fewer than 10 dwellings has had a low take up. We believe that this is due to the nature of such small sites where detail of the development is often critical in terms of the relationship of the development to existing development. Larger sites, particularly greenfield sites will not have this problem and thus the take up of the PiP route will increase. We have not undertaken the necessary work to predict the level of take up but, given that PiP will be a new route for many developers we would expect its use to increase over time.

I hope you find these representations helpful. We would, of course, be happy to discuss the issues raised in greater detail should you so wish.

Yours faithfully



**Andrew Whitaker MA MRTPI  
HBF Planning Director**