



## **HART DISTRICT COUNCIL**

### **CHANGES TO THE CURRENT PLANNING SYSTEM**

#### **Consultation from Government on changes to planning policy and regulations**

#### **RESPONSE FROM:**

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#### **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?*

Hart District Council has no firm views on this specific point. Using current data for Hart, the '0.5% of existing stock figure' would not apply when calculating the baseline because household projections are higher. If the assertion holds true that this approach will reinforce development at urban centres (which we read as being the cities and boroughs with major towns and conurbations) then it raises no obvious or major concerns with Hart which is more rural with market/suburban towns and villages.

However, the proposed changes to the standard method when taken in the round will add significantly to the number of homes needed to be built in Hart District in the future (see q.5), with additional pressure being placed upon infrastructure and the countryside. It would require many more new homes than identified in our recently adopted Local Plan (April 2020), and require the adoption of a significantly different strategy to be able to achieve the larger target.

We do seriously question whether fundamentally changing the method for assessing housing numbers is appropriate at this time. The impact of the COVID-19 pandemic has had a dramatic effect on the way people live and work, and where they may choose to be located in the future. The traditional Travel to Work areas will change significantly with far greater number of people able and choosing to work from home. It is likely that people will choose locations to live based upon different criteria, including the price of homes. This is likely to reduce the demand on homes in the Home Counties.

The Govt is urged to reconsider its approach. The proposed method has far reaching consequences for the distribution of new homes. If it is to be brought in it should be integrated with the wider proposals in the White Paper and a new national

policy framework which must seek to deliver sustainable patterns of development at strategic as well as local level.

*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.*

Hart has no firm views on what the exact percentage figure should be. However, if a higher percentage of existing stock is used the likelihood of it replacing household projections in forming the baseline increases. The paper states at paragraph 25 that household projections are still the most robust estimates of future growth trends. Increasing the figure above 0.5% would therefore increase the risk of an over-inflated baseline figure being used. It would therefore seem prudent to stick to 0.5% or lower.

*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.*

No. Resident-based earnings are a more appropriate factor.

In areas like Hart, where significant numbers of people currently work outside the district and earn well above the average, the workplace-based approach skews the affordability ratio resulting in higher housing need. In other areas, where the opposite is true (i.e. resident's earnings are well below workplace-based earnings) the workplace-based approach will under-represent affordability problems and result in lower overall housing need.

The standard method is seeking to better identify the demand for homes in different local authority areas. That demand can arise from people that work either within or outside of that area, so there is a case for using resident-based earnings, particularly with the shift to more flexible working patterns including working from home.

*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.*

No. It is unclear why past trends are relevant. It is the affordability of housing at present that is most relevant, not what may have occurred in the past.

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

No. It places a greater emphasis on affordability/price signals than under the previous method, which will result in dramatic increases in perceived housing need in areas like Hart, but by contrast, reductions in places such as Southampton and

Basingstoke with large urban centres where housing is more affordable but which have stronger sustainability credentials as centres for growth. It is these areas that are promoted elsewhere in the consultation paper (para 25) as suitable for taking housing growth due to the existing infrastructure.

It is of concern, therefore, that the distributional effects of this proposal would steer growth away from urban centres, toward more rural areas.

For Hart, the new standard method would set an annual base housing figure of 237 from household projections (the baseline). This housing figure is then increased by 275 per annum based upon the affordability adjustment. Over a 20-year plan period this uplift would equate to 5,500 additional homes (20\*275), or, based on an occupation of 2.4 people per home, an additional 13,200 people.

At the 2011 Census Hart's population was 91,000, so the efforts to address affordability alone will result in a 14.5% increase in population. This is a very large number, yet affordability will not be addressed by simply building more homes. There is no evidence to support the view that making more land available for homes will result in accelerated delivery or a reduction in the cost of new homes (refer to the Letwin Review and the absorption rate issue).

There is a serious question whether fundamentally changing the method for assessing housing numbers is appropriate at this time. The impact of the COVID-19 pandemic has had a dramatic effect on the way people live and work, and where they may choose to be located in the future. The traditional Travel to Work areas will change significantly with far greater number of people able and choosing to work from home. It is likely that people will choose locations to live based upon different criteria, including the price of homes. This is likely to reduce the demand on homes in the Home Counties.

The Govt is urged to reconsider its approach. The proposed method has far reaching consequences for the distribution of new homes. If it happens it should be integrated with the wider proposals in the White Paper and a new national policy framework which must seek to deliver sustainable patterns of development at a strategic as well as a local level.

*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?*

Agree. Local Planning Authorities that have advanced that far in plan preparation should not be penalised by having to start again. Hart District Council thoroughly supports the plan-led planning process, and as such having an up to date Local Plan is very important.

*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?*

Agree. Transitional arrangements are essential, not only for those authorities which are close to adoption of their Local Plan, but also to those (like Hart) who have only just adopted a new Local Plan.

The change in the standard method will add significantly to the number of homes needed to be built in Hart District in the future, with additional pressure being placed upon infrastructure and the countryside. It would require many more new homes than identified in our recently adopted Local Plan (April 2020), and require the adoption of a significantly different strategy to be able to achieve the larger target.

If appropriate arrangements are not put in place (at least 3-years' grace), those with recently adopted Local Plans could find themselves without an appropriate five-year land supply. This would undermine the plan-led system that the Government strongly advocates, and furthermore, undermine public confidence in the system.

In addition, if Councils like Hart are expected to deliver on such numbers there must be the financial means made available with which to deliver the necessary supporting infrastructure.

### ***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)*

Before considering the details of the introduction of the First Homes initiative, it is fundamental to question whether the approach can truly be described as an affordable product to benefit those in most need.

The definition of affordable has had two long standing threads:

1. People like the National Housing Federation have long argued that no more than 35% of a household's income should be spent on total housing costs; and
2. A unit is only affordable if it is cheaper to buy or rent the equivalent size of unit on the open market.

A blanket approach (one size fits all) does not reflect local circumstances which do vary across the country.

For example, if one was discounting a £250,000 flat in Hart. Assume 10% deposit (£25k). If the unit was discounted by 30% (£75K). This still requires a mortgage of £150,000. Based upon a mortgage company lending 3x one salary plus 1x another. This requires a couple to earn £37,500 each. This is not really dealing with the key issues we have with people in housing need. Even key workers in health or education would not be able to afford this.

We are also concerned that given the huge importance to supply genuinely affordable homes, that the First Homes initiative will mean that there would be a 25% reduction of the genuine affordable homes. Viability of schemes will mean developers would be unable to provide the First Homes element on top of the other affordable home requirement.

Notwithstanding the above comment, Option 1 would provide the greater certainty. However, in a district where most new housing sites are small, there will be practical problems in splitting developments (and even down individual apartment buildings) into different tenures, and will create management problems for Registered Providers (RPs).

*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 this First Homes requirement?*

The retention of the "build for rent" exemption would have little impact within Hart as this is in line with current policy and has not affected any sites to date.

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

It is considered sensible to retain the existing exemptions in relation to First Homes, Exempting Rural Exception Sites is, in particular supported, and of benefit to a district such as Hart.

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

No.

*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?*

Yes. This would allow local authorities to seek to alter levels of discount as appropriate depending upon local circumstances around affordability, local markets, etc.

Guidance as to what evidence is required to support discounts of greater than 30% would be helpful to local authorities.

*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?*

Only if there is a genuine need for the delivery of market homes to cross subsidise the affordable homes to be delivered and if it is robustly evidenced that it is needed to support viability to bring the site forward.

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

There are some concerns with this approach which could be eased by the issuing of appropriate guidance. If a site has to be proportionate to the existing settlement, it begs the question what is proportionate? Otherwise, it could lead to developers looking to look to apply the First Homes Exception Sites policy as a vehicle to bring forward larger sites outside of the Local Plan. Larger proposals should be suggested through the Local Plan process rather than as a policy exception to ensure all the necessary infrastructure and associated impacts have been fully taken into consideration.

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

No comment, Hart does not have any “designated rural areas” within its district.

### **Supporting small and medium-sized developers**

*For each of these questions, please provide reasons and / or evidence for your views (if possible):*

*Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period?*

No. There is no evidence to support the proposition that small and medium sized developers are adversely affected by the need to provide affordable homes.

In line with national policy, outside 'designated rural areas' (of which there are none in Hart), the threshold for affordable homes is 10 homes and above. This means small developers are already excluded.

In terms of viability, the cost of the affordable homes is taken off the land value, not off the developer profit. In any viability assessment, the developer would still get their developer profit. The National Planning Practice Guidance says this should be in the range of 15% to 20% of gross development value depending on the level of risk. And if there is an element of affordable homes on a site the developer would normally have pre-sold them to a Registered Provider (RP) which both minimised risk, and also assists the cash flow as they are sold as soon as they are complete.

The impact of raising the threshold for affordable homes would be dramatic to the supply of new affordable homes in Hart. The bulk of new housing development sites within a part rural / part urban district such as Hart, are smaller sites. To raise the threshold from 10 to 40 or 50 homes would have severe impact on the delivery of affordable homes in the District. The development of sites for new homes below the thresholds being proposed by this consultation paper is critical in delivering affordable homes in the District.

There is no evidence locally in Hart that this is a barrier for SME builders bringing sites forward, and should viability be an issue, then the local planning authority will carefully examine cases which can promote a robust case.

The proposed approach does not sit easily alongside the Government's call to build more affordable homes.

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

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

Any rise in the threshold above its current level is likely to have an adverse impact on the level of affordable homes that could be delivered within a district such as Hart.

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

No. See comments at Q.17.

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

Hart District Council does not support the proposal to raise the threshold. There is no indication that economic recovery will be achieved within an 18-month period. This is not seen as a realistic timeframe to recovery and raises fears that, if introduced, it could be extended, and so further diminish the stock of affordable homes being delivered in the district.

Shortages of materials and the lack of a ready supply of labour will also impact upon the speed of recovery in housebuilding across the country.

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

Yes. There should be very clear guidance to ensure that any changes to site threshold cannot be open to abuse in bringing large sites forward in smaller phases or artificial sub-division of sites to seek to benefit from this proposal.

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

This question is confusing in referring to rural areas. Since it seems to relate to para. 82 of the consultation document and that very clearly relates to 'designated rural areas' rather than rural areas per se, Hart has no comment, since it has no designated rural areas within the district.

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

Yes. The planning system is only one part in the delivery of new homes across the country. Broader impacts need to be considered such as access to finance, labour and the shortage of materials.

### ***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?*

To set the context to the following response from Hart District Council to the questions in this section of the consultation, a considerable part of the district is subject to the designation of the Thames Basin Heaths Special Protection Area, and in turn by the Habitats Regulations. If the proposals have been understood correctly, then in such areas, the extension of Permission in Principle for larger sites would not apply. Only a relatively small part of the district is not affected by this designation

and, as a result, there have been very few planning proposals under the Permission in Principle regime so far.

Nevertheless, it is considered that there is significant risk with this approach across the country, allowing the granting of major development proposals in principle without a full assessment being undertaken first.

*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.*

It is difficult to see how a one size fits all approach can work successfully. Is it worth considering a % restriction on any non-residential element, so it may allow a proportion for other uses but retains the key element as new homes.

*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?*

Disagree. Such limited information will not be sufficient for the authority or statutory consultees to be able to make an informed judgement of the impact of any proposal and whether and what mitigation may be required. It may also avoid the proper assessment of cumulative effects of development proposals.

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

Yes. Without an appropriate height parameter, the proposal could have serious adverse implications, not only in design terms but also impact on amenity, light, overlooking and landscape visual impact. It is unlikely that a broad height parameter will be appropriate across the country and in different urban and rural locations.

*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.*

Yes. It should be extended due to its likely impact. However, the use of newspapers to publicise planning proposal is no longer effective, and more modern, digital means

are required. In such cases, for major developments, site notices still have a role to play.

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

No. It is unlikely that this approach will be sufficiently sensitive to be able to cover the costs of applications on a range of different major sites. Planning fees need reconsidering in general as they rarely cover the present-day costs of determining planning applications. This places an unfair burden on the council taxpayer who do not benefit from most developments.

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

No further comment – see 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, as long as local authority resources were sufficient to be able to keep the Register and associated mapping up to date. Perhaps that needs to be factored into setting the appropriate fee.

*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.*

Supporting evidence to justify the location, land uses and the level of development proposed is required.

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

A 5-week timescale is unlikely to be sufficient time to adequately assess applications for major schemes, particularly if there has been no or inadequate pre-application discussions.

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

Hart has not had many applications under the Permission in Principle regimes so far, so it can be concluded that it has not proved very attractive to developers, although the impact of the Habitats Regulations will have had an effect.

If it proves to be quicker, then it is anticipated that developers will use it. However, that does not necessarily guarantee a good outcome for the developer, the local authority or the community.

There is nothing in the proposals that seeks to address the practice of land banking by developers of major schemes. Without that issue being addressed, there is no guarantee that any of these proposals will deliver more new homes across the country.

### ***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?*

No comment