



30th September 2020

Changes to the Current Planning System consultation,
Ministry of Housing, Communities and Local Government,
3rd Floor, South East Fry Building,
2 Marsham Street,
LONDON,
SW1P 4DF

Dear Sirs,

***Changes to the current planning system consultation.
Submission by the Land Promoters and Developers' Federation (LPDF)***

1. Introduction.

The Land Promoters and Developers' Federation (LPDF) comprises the UK's leading land promotion and development businesses. We have some 24 members and 50 affiliates who specialise in the promotion and development of particularly strategic land for both housing and commercial development, throughout the country – helping to generate homes and jobs and to move towards delivering the Government's target of building 300,000 new homes per year by the mid 2020's.

Following a gradual change in the development market over the last decade, land promoters and developers have adopted a business model which provides a vital service to housebuilders, local communities and the nation by sourcing land, delivering implementable sites and de-risking the process for the house-building industry, to enable housebuilders to excel in what they do best – building high quality new homes underpinned by strong principles of place-making.

Our members promote sites ranging from 20-30 dwellings to schemes of 10,000 new homes or more, both on brownfield and greenfield sites. Having sourced and selected the land from a variety of different landowners, they undertake the patient work of negotiating on the land, and then promoting, servicing, and preparing it to bring forward sites which are 'ready to go' so that homes can be delivered quickly for the housing market. These are sold on to housebuilders, both large and small, providing a full range of sites to meet a variety of needs and demands.

Their role is to promote, prepare and plan projects, bear the risks, resolve the technical issues and secure outline planning consents – doing the 'heavy lifting' in preparation for development. They address and tackle infrastructure problems and fund planning gain and social community benefits – including for example, affordable housing, whether they have been identified in Local Plans or not.

We have engaged in a number of meetings both with our own LPDF members and Affiliate members and with other organisations during the consultation period. We have also worked in other fora – such as the Standard Methodology Group - a group of barristers, planning consultants with expertise on statistical projections and representative bodies such as HBF, LPDF, BPF and FMB – to try and reach the optimum solution for the formulation of the Standard Housing Methodology.

2. General Approach.

In the last Housing Green Paper (2017), the Government conceded that Britain has a '*broken housing market*'. Since then, a clear policy has emerged, expressed in various Ministerial Statements, consultation documents and the Conservative Party Manifesto, to improve and increase the delivery of housing of all types and tenures and more specifically to build 300,000 new homes by the mid 2020's. This ambition is expressed once again in the 'Current changes' consultation paper and forms the basis of the review of the Standard Housing Methodology. We warmly welcome that approach.

We also welcome many of the other initiatives within the '*Changes to the Current Planning System*' consultation paper. We will comment separately on the Government's proposals within the Planning White Paper – '*Planning for the Future*' which anticipates changes over a longer timescale. Our comments on the questions raised in the Consultation Paper are within an Appendix below.

3. Standard Housing Methodology.

3.1 Setting the targets.

Successive Governments have struggled over many years to persuade and encourage local authorities to allocate and release housing land on a scale which can achieve the level of housing needed to meet the nation's housing requirements. The LPDF is supportive of a Standard Methodology (SM) which drives the delivery of more homes and simplifies the Local Plan process by removing prolonged debates about methodology, assumptions and projections at each Local Plan Inquiry. However, the current SM has clearly become disengaged from the Government's housing delivery target of 300,000 new homes per annum. We therefore warmly welcome the Government's acknowledgement that the current SM is no longer fit for purpose and needs review.

However, whilst the setting of new requirements is vital, ensuring that these new figures are translated into Local Plans quickly, so that they are up to date and influence the Development Management process is also of paramount importance. Whilst the principles of paragraph 33 of the NPPF are clear, it is apparent from recent experience that its intentions have been undermined by footnote 37 of the NPPF. It is vital that this loophole is closed off without further delay.

In the experience of our LPDF members, the key concern is 'holding the LPAs' feet to the fire' and ensuring that, once the target is set, Councils produce a Local Plan review and above all, implement it. Sadly, the '*Changes to the Current Planning System*' document fails to cover this aspect. We think turning more attention to this point would yield significant results in terms of delivery.

With this in mind, it is essential that the Local Plan review process is strengthened to ensure that LPA's are required to update their Local Plans every 5 years (not just to self-certify their current plans as being robust), especially where housing targets have been amended. This will overcome the tendency for local authorities to 'play the system' by either speeding up, slowing down or deferring their Local Plan reviews in order to circumvent higher housing targets. This measure should be introduced now rather than forming part of the consideration of the White Paper.

3.2 Delivering sufficient homes.

The Consultation document focuses almost entirely on the 'mechanics' of the methodology. Whilst this is critically important, the implementation of the SM is equally crucial. The consultation paper underlines; firstly, (in three separate paragraphs) that the SM figures are merely the 'starting point' in the formulation of individual District figures and secondly, in Paragraph 7 that; '*The standard method identifies the minimum number of homes that a local authority should plan for in an area*'. We are

concerned that the numbers (and above all the overall 300,000 figure) should not be watered down which would jeopardise the delivery of the Government's housing target. We would therefore favour a move towards a 'binding' set of housing figures as soon as is practicable.

Meanwhile, until we reach that stage, which may be 2-3 years away, it should be explained how local authorities should 'fine tune' their housing targets (to ensure it is indeed treated as a minimum) and how LPA's should cater for their own housing needs and if necessary assist their near neighbours in accommodating theirs. This co-operation (and where necessary re-distribution) is essential in ensuring that 337,000 consents per year are granted which will then deliver the Government's ambition of building 300,000 homes/annum.

We are particularly concerned about the dilution of the figures to reflect a lack of capacity – whether for physical or policy reasons. Any shortfalls from one LPA should be compensated by corresponding increases elsewhere, through the Duty to Co-operate (DTC), or a strategic distribution of housing numbers within wider housing market areas. Yet DTC is not mentioned in the 'Changes' document. Although the DTC mechanism has proved to be neither effective, open nor democratic in the forward planning process, this is due to its operation and application not its concept. The DTC still forms a basic test of soundness for the adoption of a Local Plan and is a legal requirement. The LPDF considers that (until the White Paper proposals for binding figures are implemented) Government should apply clear and binding measures to streamline the DTC process so that it is strictly time limited, open and explicit and decisions are fully integrated, fitting together within a wider housing market area. This could be implemented through the forthcoming Devolution White Paper.

We note that the Government has already come under pressure from many in response to this consultation document who believe that the calculation of need which arises from is unrealistic and therefore unachievable. However, we would highlight that the sum of each LPA's peak delivery year since 2001 would be 339k homes. To achieve the Government's ambition of 300,000 new homes per annum will require each LPA to achieve delivery at or above their peak delivery on a consistent basis. However, it does highlight that with a national focus it is possible and achievable.

3.3 Step 1. Setting the baseline.

The LPDF takes the view that the review of the SM is long overdue. We welcome the move away from a dependence entirely on household projections, to create a more logical and representative measure of housing need. This will also achieve a more stable and consistent outcome where the figures are less prone to wild fluctuations between the biennial household projections. Having explored the methodology in some depth with the assistance of both planning consultants, Lichfield's and Turley's, (who represent different LPDF clients), we consider that a **0.75%** stock ratio (rather than 0.5%) produces a more logical outcome. We discuss this in more detail in our Appendix.

3.4 Step 2. Adjusting for market signals.

The inclusion of an affordability weighting within the model is essential as a means of targeting housing towards those areas where demand is high and which tend to have higher prices per sq metre. Often past housing shortages have boosted house prices. The SM should redress this imbalance by boosting housing in areas with acute affordability problems.

Whilst it is important for LPA's to reflect their economic aspirations within their Local Plans, we feel this is better done subsequently through housing need adjustments in their Local Plans rather than within the SM model.

In summary, the LPDF broadly welcomes; firstly, the proposed revision to the Standard Housing Methodology, secondly, the Government's firm ambition to delivering 300,000 dwellings per year and thirdly, the commitment to identifying 337,000 consents per annum. However, the document is silent on the issue of how the final Local Plan figures are reached (reflecting individual constraints). This needs to be redressed within the proposals. Furthermore, it is important to ensure that local authorities are tasked to review and update their plans so that land promoters and developers can bring forward enough land to deliver sufficient homes to meet the Government's 300,000 target.

3.5 Implementation & Transitional arrangements.

The key concern of LPDF members is the swift and efficient review of Local Plans to ensure that sufficient housing land is made available to deliver enough housing through Local Plans. Following the previous update of the SM in 2018, many local authorities judged the impact of the emerging SM figures to decide whether to act quickly, act slowly or not act at all – in reviewing their Local Plans. 'Playing the system' proved to be one of the biggest factors in limiting the release of housing land and therefore the building of new houses. The Transitional Period was therefore counter-productive in boosting housing supply. We address some of the worst examples in the Appendix below.

The LPDF therefore takes the view that it would be preferable not to have a transitional period at all (or to reduce the period to just 3 months) simply to allow for last minute submissions for plans already prepared. Arguably, Local authorities (and developers) will have had ample time during this consultation period to make decisions in advance of the SM review. There is no advantage to be gained in giving a further 6 months to allow LPA's to submit their plans to the Inspectorate.

4. First Homes.

The LPDF welcomes the First Homes initiative as adding to the portfolio of housing opportunities available to first time buyers and providing an important 'stepping-stone' to full owner occupation **provided they are seen as part of the overall affordable requirement**. The LPDF commented on the previous Consultation document on First Homes issued in February 2020 and has also studied the further '*First Homes – Design & Delivery*' report issued in parallel with the 'Changes to the Current Planning System'. This provides helpful feedback on the responses to the earlier consultation report.

Although we are warmly supportive of this initiative in providing a discounted market sale product which adds to the mix of affordable housing we are concerned about some of the proposed measures within the accompanying First Homes (Design & Delivery) report.

Firstly, we do not support the suggestion that local authorities should be able to unilaterally increase the % discount from 30% to 40% or 50%. Furthermore, it is not clear whether any 40% or 50% discount (as proposed) would be applied on a District wide or site-specific basis. Either way, we feel this would add confusion and complexity to the product and place developers in a disadvantageous position in preparing their schemes and assessing viability in advance – which is essential. In any event, it is hard to see how such Local Plan evidence could be gained in time for the implementation of the First Homes initiative which is likely to be launched very shortly.

The LPDF is also concerned that the £250,000 price cap (even applied on a post discount basis) may limit opportunity for First Homes in higher priced areas, particularly around London and the South east. Clearly a £357,143 house (less the 30% discount) would cater for most first-time buyers in the Midlands and North, but in some parts of the Homes Counties it might be a struggle to buy even a 2 bedroom terraced house within this figure. There may need to be some flexibility here.

Some consideration may also need to be given to the second-hand First homes market.

5. Supporting Small and Medium Sized Developers.

The LPDF does, as we indicate above, supply both small and medium sized housebuilders with sites (as well as the traditional volume builders). We therefore welcome the measures introduced by Government to assist and diversify the structure of the industry and thereby the housing market.

The decline of the smaller builder has been a product of rationalisation which was exacerbated during the last recession in 2008 / 9 and the increased complexity of planning, building practices, increased costs or borrowing and higher levels of risk within the industry.

The Letwin Report highlighted the merits of diversifying the building industry to attract smaller builders. This will achieve greater market absorption and provide greater choice as well as improving quality and ensuring improved delivery – as smaller sites tend to come forward more quickly.

We welcome the measures introduced as part of the Coronavirus crisis to ease the pressure on SME builders by extending planning permissions, allowing them to defer CIL payments and enabling SME's to reduce the burden of contributions for sites for a limited period.

Currently there is a 10 dwelling threshold for the delivery of affordable housing (except in Designated Rural Areas where the threshold is 5 dwellings). However, this 10 dwelling threshold is often breached in Local Plan reviews with authorities preferring to use a 5 dwelling threshold on the grounds that they have 'special circumstances'. This policy should be more strongly enforced.

The LPDF broadly welcomes the initiative to raise the threshold to 40-50 dwellings as a temporary measure to ease affordability during the prolonged post-covid period which will provide a much-needed boost to the economy, especially once the benefits of the stamp-duty 'holiday' have subsided. Smaller builders are likely to find business conditions especially tough in future. They would therefore benefit from a threshold of 50 dwellings (or 2ha).

It is inevitable however, that some unintended consequences will arise as a consequence of this measure and these need to be anticipated. Local authorities should be prevented from adopting delaying tactics to stall the delivery of 'affordable free' sites to push them beyond the 18 month period. Furthermore, builders with sites above the 50 dwelling threshold should not find themselves under pressure to provide additional affordable housing to compensate for the moratorium on providing affordable housing on smaller sites.

It is clear that SME's are less able to handle the complexities of planning and technical requirements involved in submitting applications, therefore measures to speed up the Local Plan process, and remove aspects such as Sustainability Appraisals will assist them. As the Letwin Report revealed, arguably Local Plans tend to focus too much of their housing provision within large sites which take longer to deliver and too little within smaller sites which can come forward more quickly. It is essential to ensure that there is a sufficient portfolio of sites at all levels within the market and in all locations to achieve a mixture of sites and maximum market penetration. Other measures to encourage SME's could focus on improved tax incentives.

6. Permission in principle (PIP).

The document explains the rationale and the reason for the introduction of Permissions in Principle (PIP's) and their application to brownfield and small sites (including those within LDO's). The LPDF broadly welcomes the Government's attempt to reduce bureaucracy, cut 'red tape' and speed up the planning process though we are somewhat sceptical about the initiative to extend PIP to large sites.

There is a simplistic attraction to the concept of extending PIP's to sites of up to 150 dwellings, in an attempt to overcome the complexities of outline planning applications. However, there are few circumstances where a larger site could make progress or be granted consent without some basic provisions being resolved. Nor would sites be acquired by housebuilders without some certainty about technical feasibility and freedom from constraints to achieve delivery.

Furthermore, Local authorities are rarely willing to give developers 'carte blanche' by providing a PIP (when paragraph 87 indicates that no conditions can be attached) on a large greenfield site. Consequently, most sites which are not otherwise guaranteed to come forward, including those outside a development boundary, would not be likely to receive a PIP from a local authority. A refusal would either result in an appeal, the submission of a further outline application or the preparation of a revised scheme. This would seem likely to waste more time than it saves.

The LPDF, having held 6 separate consultation meetings with LPDF members and affiliate members during the course of this consultation exercise, has found that members are agnostic about the proposals. No member (or affiliate member) could identify any significant cases where a PIP has been used. More important, they could not envisage any circumstances where a PIP might be used, even though the policy could apply to greenfield sites (although the document is not explicit on this).

Similarly, few housebuilders would be reassured by buying a site with a PIP, until the main hurdles have been overcome. They would also not accept the risk of buying a site without the certainty that it would progress to fruition. Without addressing potential 'show-stoppers' such as access and heritage impact, housebuilders would be taking an unacceptable risk. Yet PIP's are not expected to contain even this level of detail.

Although some landowners might be tempted to apply for a PIP on an allocated site, they would be unlikely to apply for a PIP on an unallocated site without running the risk of 'tainting' the land by receiving a refusal. In any event, any PIP application (even if it were approved) would attract little more in terms of value than an allocation would – so they would be little further forward.

Finally, once a PIP was approved, developers would need to submit full technical details, including house types, designs and floor levels, meaning that only housebuilders would be likely to deliver the site. This would mean that developers achieving a PIP would probably still need to either apply for Outline Consent, a Hybrid application or Full Planning Consent.

Against that background, we feel that if this initiative is to be pursued, much more work needs to be done to define the nature of PIP's and the circumstances when they might be used and conditions which would need to apply. Hence whilst we have no specific objections to extending PIP's to larger sites, we are concerned that this may make the planning process more rather than less complex. It may be helpful to hold discussions with representatives of the LPDF and the housebuilding industry to explore the implications of introducing PIP's in parallel with the existing system of outline and full planning applications.

Thank you for the opportunity to comment on these proposals. We would be more than willing to engage with Government and civil servants as the proposals move forward.

Yours sincerely

John Acres. LPDF Policy Director,

Land Promoters & Developers' Federation

Appendix. Response to Questions.

1. Standard Methodology.

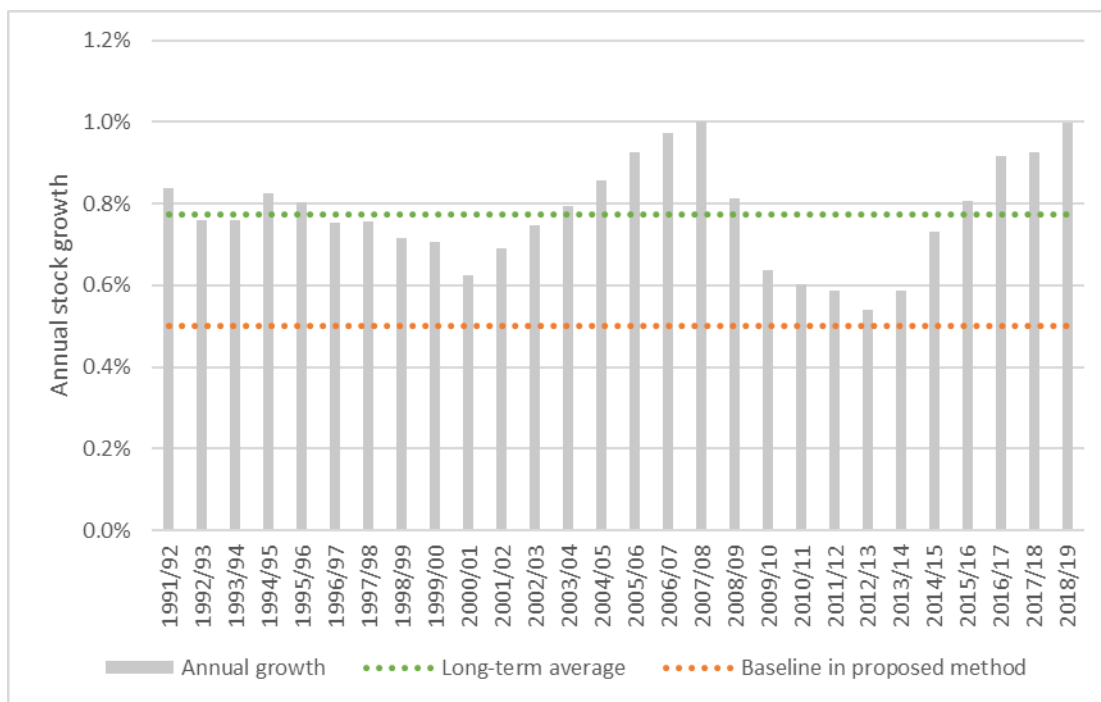
Step 1. Setting the baseline.

Q1: Do you agree that planning practice guidance should be amended to specify that the appropriate baseline for the SM 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?

We support the revision to the Standard Methodology (SM) to introduce a percentage of housing stock as a key factor in setting the baseline, but we **don't** support the 0.5% figure as a measure of growth. Research work undertaken by Turley (and other consultants) shows that at a 0.5% level, the figure is overridden by the household projections within most authorities. Since the Household Projections are evidently only based on 2 years' worth of figures, this can result in distorted figures, making them an unreliable basis for projection. **We would favour a 0.75% housing stock level.**

Q2: In the stock element of the baseline, do you agree that 0.5% of existing stock for the SM is appropriate? If not, please explain why.

See Qu 1 above. We support the move towards including the % of housing stock as a driver within the methodology but as a result of the joint work undertaken with Turley (planning consultants) we conclude that the appropriate baseline for the SM should be either a **0.75% of existing housing stock in each local authority area or the 2018 household projections, whichever is higher.**



Courtesy of Turley: The table shows the average stock growth over the last 20 years.

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 specific comment on this aspect.

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.

Yes. It is important to look at both the level of affordability and the change in affordability levels over time. The inclusion of affordability within the model is an important means of targeting housing towards higher priced areas where demand is high. Often it is a past shortage of housing which has disproportionately boosted house prices and worsened affordability. The SM needs to redress this imbalance by boosting housing in areas with acute affordability problems. But it will never be possible to equalise regional imbalances which are subject to a variety of different economic, environmental and social pressures. London for example is at the heart of a much wider international housing market which inflates house prices due partly to the injection of foreign finance and people in London and the Home Counties have access to a much broader range of higher paid jobs against which provincial towns and cities cannot compete, which boosts house prices and worsens affordability.

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

Not exactly. Affordability is an essential element of the SM formula in order to target housing towards areas with the greatest housing shortages and highest prices. But the two super-imposed measures of affordability - one relating to current affordability and the other relating to the change in affordability over the last 10 years, may be exaggerating the impact of affordability on the model. Above all, the wide disparity of regional house prices coupled with the removal of the growth 'cap' from the affordability element in Step 2 has created unachievable figures in some authorities particularly some London Boroughs. (In London, new SM figures will not be applied in any event since the capital is overseen by the London Plan). Where LPA's have no prospect of meeting their targets, this will undermine the delivery of 300,000 new homes per year. We therefore would propose that the limit of 100% to the affordability adjustment in the current methodology is retained to stem excess provision in areas with acute affordability problems but unachievable targets - such as within London - which can be diverted elsewhere.

We also propose a 25%+ cap above a LPA's Peak Delivery level (over the past 20 years) to avoid excessive increases which have occurred in some of the shire Districts.

In summary, we therefore propose:

1. a 0.75% housing stock ratio (rather than 0.5%) which gives more stability in the model, leading to a broader based distribution across England which better reflects historic delivery patterns, or the outcome of the 2018 household projections whichever is higher.
2. retain the 100% cap on the affordability adjustment as in the current SM which maintains the focus on delivery in the least affordable areas (in the South for example the weighting changes from 49.8% in respect of the affordability adjustment in the consultation methodology to 45.9% under our proposed revision),
3. a +25% cap over and above the peak level of housing delivery (over the last 20 years and using an MHCLG dataset) within any local authority, this acts as a safety valve to ensure that LPAs are not being asked to achieve an unrealistic figure by linking it to what has been possible in the past. This would be added within the PPG and would not change the formula proposed in the consultation document.

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?

No – in reality we are already in the transitional period for LPAs, and so they should continue to review their plans with the more up to date figures. However, to give some flexibility we consider that the Government could give LPA's up to 3 months of the SM being formally revised. Eg. in **Maidstone** after agreeing a revised Local Development Scheme earlier this year there have been repeated deferrals.

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?

No – if local authorities are not yet at Regulation 19 stage we consider that they should wait for the SM to be revised and then progress with a Plan that plans positively for that figure.

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

The LPDF has significant concerns about the process of translating revised SM figures into Local Plans to delivery more housing. The utilisation of footnote 37 to “review” Local Plans and avoid planning for increased housing figures will deter the delivery of increased housing unless the loophole currently being used is closed off on existing Plans approaching their 5 year review. However, it is also clear that the transitional arrangements linked to the implementation of the SM in 2018 had serious consequences for plan making and thus housing delivery.

Some local authorities facing sharp rises in housing numbers rushed to submit Local Plans reviews before the deadlines and produced ill-prepared documents some of which subsequently failed their tests of soundness. **Uttlesford DC** for example, submitted their Local Plan 6 days prior to the previous transitional measures deadline and then failed the Duty to Co-operate test of soundness.

Tonbridge and Malling DC submitted their plan for examination on 23rd January 2019 under the transitional arrangements for SM, the day before the transitional period ended. The Local Plan examination hearings will only commence on 6th October 2020, and whilst there has been a delay due to COVID they were not scheduled to start until May 2020, some 16 months post submission. The examination library and correspondence between PINS and the Council reveals a litany of problems with the submitted plan, to the point that significant additional evidence and additional consultation was required post submission before the Inspectors would consider scheduling hearings. The submission of the plan had been rushed to meet the transitional arrangements without being properly evidenced and prepared. Given that the plan has taken so long to reach examination, even if found sound, it will only have a maximum 10 year life span.

Central Bedfordshire submitted their Local Plan prior to the NPPF update and the transitional measures, following the publication of the draft SM. The minutes of their Full Council meeting on 26th April 2018 state that: *“the Council would have to use the Government’s proposed methodology for determining the level of housing need if the Local Plan was not submitted. The housing need figure for Central Bedfordshire was 2,553 homes per annum based on the proposed methodology, representing a 60% increase on the Council’s current objectively assessed need of 1,600 homes per annum”* so the Council made sure they avoided it. Yet 28 months after the submission of the Local Plan, the Council

is still producing and consulting on evidence to support the plan through the Examination. We note that the Council's LDS anticipated adoption by December 2018 – 2 years ago.

Reigate & Banstead is one of a number of authorities which have resolved not to undertake an update of their Local Plan, relying on a self-certified review which rejected the need for applying revised (higher) housing figures due to green belt constraints. Others have called a halt to Local Plan Reviews in order to take advantage of new lower figures in the future.

In the LPDF's view therefore, the negative impacts of allowing local authorities to lock in a lower requirement or progress an ill-prepared Local Plan to avoid an increase, far outweigh the negative impact of a Council having to amend the progress of an emerging Plan to take account of an increased need. Extended Examinations or failed Local Plans, due to the rush to avoid increased requirements and then the reluctance to review Plans quickly has meant that Local Plans that progressed during this transitional period will not deliver the revised SM figure before 2030.

2. First Homes.

The LPDF welcomes the First Homes initiative, provided that it forms part of the overall range and choice of the affordable housing portfolio.

Q8: The Government is proposing policy compliant planning applications will deliver a minimum of 25% of on-site 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)**

The opening sentence of the question should read '*a minimum of 25% on on-site affordable housing as First Homes OR a minimum of 25% of off-site contributions*'. (not AND).

Subject to this caveat, the LPDF welcomes the minimum 25% rate for First Homes (rather than the higher percentages mooted in the earlier consultation paper) giving both developers and local authorities more flexibility in delivering a range of affordable housing. The remaining 75% provision of affordable housing should be a matter for negotiation between the developer and the authority.

There will still be a need for other forms of home ownership and shared ownership tenures for those who don't qualify for First Homes as first-time buyers. Most local authorities will rightly argue that many people require affordable rented and social rented homes. This will then be a matter for the developer and the local authority to discuss, dependent upon the policies and evidence of the LPA and the viability of the site scheme.

With regards to current exemptions from delivery of affordable home ownership products:

Q9: Should the existing exemptions from the requirement for affordable home ownership products (e.g. for build to rent) also apply to apply to this First Homes requirement?

Yes. they should.

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

No. We also welcome the exemption from CIL covered in paragraphs 61-63 of the document.

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

No. We don't see the need at this stage for any further exemptions, although each site will need to be considered on its own merits in terms of any viability calculations in the normal way.

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

No. We don't see the need for Transitional arrangements for Local Plans and Neighbourhood Plans. We acknowledge the need for careful thought for those Local Plans and Neighbourhood Plans currently going through their reviews, but we are not convinced that there needs to be a 6 month transition period prior to the submission of a plan where First Homes can be omitted.

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

No. We would support the 30% level of discount applying to First Homes, which gives both the developer, the local authority and above all, the buyer, a clear indication of the nature of the product and the scale of discount (which will apply in perpetuity). We do not however agree to the principle of allowing local authorities to unilaterally decide to increase the scale of discount from 30% to 40% or even 50%, without reference to the developer. This will undermine the certainty and clarity which is important for this product and we doubt that local authorities will have been able to provide sufficient evidence to justify higher percentages within their Local Plan (since the measures will have only just been introduced). If Councils wish to offer higher percentage discounts these should be packaged as Shared ownership products where the developer is not funding such a large proportion of the discount and should be included in the remaining 75% of affordable housing contribution.

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. We welcome this measure to provide flexibility and to ensure site viability. It is not clear from the text however whether the proposal is to allow 100% First Homes on Exception Sites for local first-time buyers or at least 25% First Homes (as on other sites). We would emphasise that local first-time buyers, although an important category of housing need, are likely to be a very narrow client group and by no means the only group in the market needing help. Other people needing affordable housing (including second time buyers, or families who have split) and others needing rental housing.

Q15: Do you agree with the removal of the site size threshold set out in the NPPF?

We welcome the removal of the site threshold (but keeping sites proportionate to the size of a settlement) to enable more housing to come forward on suitable exceptions sites.

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

We are not convinced that this policy should apply in Designated Rural Areas and we have no doubt that local authorities would strongly resist this idea. There might however be circumstances where a local authority, a landowner and a developer conclude that one or more First Homes may be suitable on a particular site (bearing in mind a Housing Needs Survey may identify a need for this preference) and this option should not be excluded.

3. Measures to support Small and Medium Builders.

Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period? (see question 18 for comments on level of threshold)

Yes. The LPDF broadly welcomes this initiative as a temporary measure to ease affordability during the post-covid period which will provide a much-needed boost to the economy, especially in the period after the stamp-duty 'holiday' has subsided. Builders, like other sectors of the economy, are likely to find business conditions tough in future and this will apply especially to SME builders.

Q18: What is the appropriate level of small sites threshold? i) Up to 40 homes ii) Up to 50 homes iii) Other (please specify)

We would welcome a threshold of 50 dwellings (or 2ha). However the Government needs to be mindful of possible unintended consequences in terms of local authority reaction to the measure (in possibly thwarting 'affordable free' applications), and also the danger that more pressure will be imposed on builders submitting applications for larger sites – above 50 dwellings.

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

Yes. We welcome the suggestion in paragraph 80 of the consultation paper that the Government will monitor the impact of the raised threshold. Many commentators have criticised the proposal for reducing the level of affordable housing especially in rural areas which tend to have smaller sites.

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

It is doubtful whether an 18 month 'holiday' will apply to anything other than sites which are already 'shovel ready' or are currently progressing through the planning system. There simply will not be time for new sites to emerge in time for builders to apply for planning consent within the 18 month period – and even then, experience suggests that sites could take considerably longer than 18 months to come to fruition. There may be a case therefore for extending the period for longer – say 2-3 years if this initiative is to play a role in the economic recovery and encourage the development of small and medium builders, or reviewing the timescale after an 18 month period.

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

Yes. We agree that it is appropriate for Government to explain through planning guidance how local authorities should minimise 'threshold effects' where developers may attempt to bring forward larger sites at lower densities to avoid delivering affordable housing. That advice needs to be issued well in advance to allow developers to plan their housing mix and site viability.

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

Yes. We agree that there should be an exception to this policy in designated rural areas.

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

The planning system tends to place a greater burden on smaller and medium sized developers who have less resources and specialist staff to handle the complexities of planning and technical requirements involved in submitting applications, therefore the wider measures within the White Paper to speed up the Local Plan process, and remove aspects such as Sustainability Appraisals could all be helpful.

The delivery of smaller sites through Local Plans (and windfall sites) provide the life-blood of SME's and therefore the enforcement of the 10%+ policy for releasing small sites is essential to ensure that there is a sufficient portfolio of sites at all levels within the market and in all locations. The Letwin Report underlines the importance of providing a mixture of sites to secure market penetration and suggests that too many consents are 'wrapped up' in large sites where completions tend to occur at a lower absorption rate. A variety of sites will achieve a greater and a quicker housing output.

Finally, SME's are all different and produce different products at different levels of the market in different areas. It is probably more effective therefore to address their prosperity through the company taxation system rather than applying blanket provision on sites which may not necessarily be specifically targeted to SME's.

4. Permission in Principle.

Q24: Do you agree that the new Permission in Principle should remove the restriction on major development (up to a limit of 150 dwellings)?

As we outline in the main body of the letter above, the LPDF is agnostic about the idea of extending Permissions in Principle (PIP's) to sites of up to 150 dwellings since we are not convinced that this is a route which will assist in speeding up the process. In the past, Outline Applications were submitted based on simple 'red line' plans but have gradually, over time, become more complex and time consuming. This is clearly unhelpful, but we feel the solution may be to review the information requirements for Outline Applications rather than to adopt a different application regime altogether.

There are few circumstances where a larger site could make progress without some basic information provisions being resolved therefore we fear that a PIP will not enable the landowner or the developer to progress the site, by giving the developer or the LPA any certainty. So LPA's would be unlikely to grant developers a PIP on sites which were not guaranteed to come forward, for example those outside a development boundary. They would require evidence that access was achievable and that basic constraints could be overcome or at least mitigated. A PIP might use more time than it saved.

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.

No comment required.

Q26: Do you agree with our proposal that information requirements for Permission in Principle by application for major development should broadly remain unchanged? If you disagree, what changes would you suggest and why?

The LPDF would broadly support the continuation of simple information requirements, but with the proviso that, perhaps paradoxically, the simpler the requirements, the less likely it is that the PIP system will be used. Unless local authorities can agree access and consider key constraints, it seems unlikely that they will want to approve a PIP. (A recent appeal case in Salford was rejected simply because there was insufficient information for the Inspector to make a decision, underlining the shortcomings of the PIP concept). Similarly, local authorities will normally want to be sure there are no 'show-stoppers' before granting permission in principle. There might therefore be some value in exploring a system whereby LPA's are able to ask for further details before granting a PIP – which they are not currently able to do.

The procedure for considering PIP applications is intended to be quick and simple. And yet, the issues which need to be addressed are important and far-reaching.

Firstly, whilst there is an urgent need to streamline consultation timescales generally will there be time for officers to respond to an application within 14 days?

Secondly, will a 5 week determination period fit in with normal Committee timetables?

Thirdly, if PIP's receive 'fast track' responses within 5 weeks, will this mean that Outline applications are then relegated in the priority order causing the whole system to slow down? The LPDF would favour a more comprehensive review of consultation arrangements and approval times.

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

Yes probably.

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 not why?

Yes. We feel that would be helpful. But one needs to bear in mind that for the purposes of measuring 5 year land supply, brownfield sites are not always available and/or achievable, therefore it will be important to ensure that no automatic assumptions are made about the availability of sites and that the content of the brownfield land register does not distort the 5 year housing land supply position. In addition, it might be helpful to have a separate linked register to indicate all PIPs including those on greenfield land.

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.

It will be important to prepare guidance through the NPPF and PPG to explain the wider function of PIP's and the qualification criteria, especially if they are being extended to include larger greenfield sites. A simple developers' guide with a flowchart might be helpful.

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

We have highlighted considerable drawbacks in the PIP process which make it difficult to envisage how they will be taken up by developers, since they fail to de-risk sites sufficiently to enable planning authorities to approve consent, housebuilders to buy sites or landowners to sell them without caveats and conditions.

An allocation represents a commitment by a local authority and it might be helpful if (through planning advice) LPA members were advised not to subsequently object to allocations on points of principle at Committees – making PIP's less necessary.

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

We have already outlined in some detail above that we consider that PIP's probably have limited value and application in their current form. We have also outlined the drawbacks which we see in operating the expanded system and the potential adverse impact on other forms of application – Outline applications, Full applications and Reserved Matters. We feel there will be potential confusion in

future in having a twin track system of PIPs with Technical Details on the one hand and Outline and Reserved Matters on the other. This will undoubtedly create more confusion for the public and a more complex planning system – which is what the Government is trying to avoid.

In our view, it may be sensible, before ‘rolling out’ this expanded PIP regime to undertake a wider review of the outline and detailed application process (in the round) to see how the system could work better and enable different levels of planning consent to be achieved to meet different circumstances. One could then decide whether there are better ways of tackling delay and excess bureaucracy by improving the current system. Alternatively, it may be worthwhile testing the level of take-up of PIP’s and then undertake a more thorough review as part of the updated White Paper proposals.

John Acres **LPDF Policy Director**

30th September 2020