

REPORT TO:	ENVIRONMENTAL AND DEVELOPMENT SERVICES COMMITTEE	AGENDA ITEM: 10
DATE OF MEETING:	24th SEPTEMBER, 2020	CATEGORY: DELEGATED
REPORT FROM:	STRATEGIC DIRECTOR (SERVICE DELIVERY)	OPEN
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SUBJECT:	CHANGES TO THE CURRENT PLANNING SYSTEM' MINISTRY OF HOUSING, COMMUNITIES AND LOCAL GOVERNMENT CONSULTATION	
WARD(S) AFFECTED:	ALL	TERMS OF REFERENCE: EDS03

1.0 Recommendations

1.1 That the proposed answers to questions set out at Annexe B of the report be forwarded to the Ministry for Housing, Communities and Local Government as the Council's response to 'Changes to the Current Planning System' consultation.

2.0 Executive Summary

2.1 The Ministry for Housing, Communities and Local Government (MHCLG) is consulting on proposed 'Changes to the Current Planning System'. The four main proposals are:

- changes to the standard method for assessing local housing need, which as well as being a proposal to change guidance in the short-term has relevance to proposals for land supply reforms set out in 'Planning for the Future';
- securing of First Homes, sold at a discount to market price for first time buyers, including key workers, through developer contributions in the short-term until the transition to a new system;
- temporarily lifting the small sites threshold below which developers do not need to contribute to affordable housing, to up to 40 or 50 units to support Small to Medium-Sized Enterprise (SME) builders as the economy recovers from the impact of Covid-19;
- extending the current Permission in Principle to major development so landowners and developers now have a fast route to secure the principle of development for housing on sites without having to work up detailed plans first.

2.2 The consultation document poses a series of questions, the proposed Council responses to which are set out in the 'Conclusions' section of this report. In summary:

- There is concern that the proposed new standard approach to calculating the local housing need, which looks at household formation rates and the trend in home

affordability, would result in a hugely inflated level of provision within South Derbyshire. This would far exceed the extent of true local need, leading to the loss of greenfield land on an unprecedented scale, potentially overwhelming local communities. Furthermore, under the terms of the current National Planning Policy Framework (NPPF) after five years have elapsed since adoption of the Local Plan Part 1 (June 2021) the new methodology would form the basis for the calculation of the Council's five-year housing land supply, pending the adoption of a replacement Local Plan. The Council would not be able to demonstrate the availability of sufficient deliverable sites to meet the new target at that point, leaving the District far less able to guard against unwelcome housing development proposals on unallocated sites. The report, therefore, proposes an alternative approach, which would result in a more realistic and less harmful housing requirement.

- The Government proposes that 25% of affordable housing provision should take the form of First Homes (market homes sold at a 30% discount in perpetuity) and the report proposes that local planning authorities (LPAs) be permitted to negotiate with the developer the proportion of the remainder to be allocated to shared ownership and affordable rented homes to reflect local needs.
- Objection is made to the proposal that existing exemptions from the requirement that 10% of homes on major sites should be for affordable home ownership products should also apply to the First Homes requirement on the basis the sites should provide for a range of housing needs.
- Greater clarity is sought as to transitional arrangements to be applied moving from the current arrangements for securing affordable housing in new development to the proposed new policy, allowing time for LPAs to make necessary preparations.
- Objection is made to both the setting of national price caps and discounts in for First Homes pending the review of Local Plans, as LPAs are best placed to determine appropriate local levels.
- Reservations are expressed about the proposal to allow a limited element of market housing on sites to facilitate the delivery of affordable homes and it is considered that limits on acceptable amounts should be set by local authorities.
- Support is expressed for the removal of site size thresholds, which establish the area above which affordable housing provision will be required, from the NPPF.
- Support is expressed for the proposed exemption from the requirement for First Homes provision in designated rural areas and it is considered that the definitions relating to such areas in legislation and national policy should remain unchanged.
- The Government proposes to raise the site size threshold at which developers will be expected to deliver affordable housing for a time limited period to support SMEs in the post COVID-19 economic recovery. This is strongly opposed as it would undermine the delivery of needed affordable housing and should be based upon local viability. However, should thresholds be raised, it is proposed that these be reviewed at 12-month intervals, rather than after 18 months as the Government intends. Alternative approaches to supporting SMEs are suggested.
- Proposals for reduced site size thresholds at which affordable housing provision will be required for rural areas are supported.
- It is agreed that Permission in Principle for major development would be beneficial for this route to be open to landowners and developers benefitting from an allocation or seeking certainty on a major development opportunity.
- It is agreed that the new Permission in Principle for major development should set a limit on the amount of commercial development
- It is considered that information requirements for Permission in Principle by application for major development should be expanded as there may be localised matters which need to be considered in principle.

- It is considered that there should be an additional height parameter for Permission in Principle so that a limit can be set on any proposal granted.
- The proposal for a banded fee structure based on a flat fee per hectare, with a maximum fee cap is supported.
- It is considered that the flat fee for Permission in Principle is appropriate. The amount per hectare needs to reflect the extent of the site concerned and the associated level of interest attracted as a consequence.
- It is agreed 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?
- It is considered that guidance would help support applicants and LPAs to make decisions about Permission in Principle drawing on case examples would be prudent.
- It is considered that the benefits of Permission in Principle would allow for developers to secure the principle of development on larger sites and commit towards master planning and technical study work in the knowledge that the principle of development has been established. The costs would largely be on the local authority, although an appropriate fee structure and clear information requirements (placed on the applicant) would address these concerns.
- It is considered that landowners and developers are only likely to use Permission in Principle to a limited extent.

3.0 Purpose of the Report

- 3.1 To agree the Council's response to the MHCLG consultation on 'Changes to the Current Planning System'.

4.0 Detail

- 4.1 This consultation accompanies 'Planning for the Future', which is the subject of a separate report to this Committee meeting. It sets out proposals for measures to improve the effectiveness of the current system.

Assessing Housing Need

The standard method for assessing housing numbers in strategic plans

- 4.2 This consultation is seeking views on changes to planning practice guidance on the standard method for assessing local housing need ("the standard method"), which will be used as the basis for plans created prior to any changes outlined in Planning for the Future being introduced.
- 4.3 The standard method identifies the minimum number of homes that a local authority should plan for in an area. The NPPF says that this number should be considered in making sure enough land is identified to accommodate the new homes. It forms a starting point for the determination of the local housing 'requirement' to be identified in future local plan reviews.
- 4.4 The NPPF and associated planning practice guidance set out that local areas should identify enough land by using the housing need reflected by the standard method to:
- a. identify the minimum number of homes that their communities need;
 - b. consider whether local circumstances mean that actual need is higher than that minimum (because, for example, strategic infrastructure is expected or growth beyond past trends is anticipated);
 - c. seek as a minimum to meet those needs by ensuring that sufficient land can be released over at least the next 15 years.

The current standard method for assessing local housing need

- 4.5 Currently, the method comprises a baseline of household projections which are then adjusted to take account of affordability and capped to limit the increase for areas. Household projections have attracted criticism for their volatility and the way in which they can result in inaccurate forecasts in some places by projecting past trends forward. It has been argued recently that reductions in projected growth should lead to less homes being built, but the consultation paper states that this should not be the logical conclusion.

The Government's proposed approach

- 4.6 The Government has based the proposed new approach on a number of principles, including ensuring that it delivers a number consistent with the commitment to plan for the delivery of 300,000 new homes a year and targeting more homes into areas where they are least affordable.
- 4.7 The Government proposes to introduce a new element into the standard method, a percentage of existing housing stock levels, which takes account of the number of homes that are already in an area. This is intended to provide greater stability and predictability and to ensure that diverse housing needs in all parts of the country are taken account of. The proposals will also retain a role for household projections.
- 4.8 The Government also proposes to introduce an affordability adjustment that takes account of changes over time, in addition to the existing approach of considering absolute affordability. This is intended to ensure that homes are planned for where they are least affordable. For example, where affordability improves, this will be reflected by lower need for housing being identified. The Government also proposes to remove the cap which artificially suppresses the level of housing identified. The details of the methodology are set out in Annexe A of this report.

Result of the revised standard method

- 4.9 The Government has calculated that the proposed standard method would result in a national housing need of 337,000 based on currently available data. Since not all homes that are planned for are built, the proposed standard method total is designed to provide enough land to account for the drop-off rate between permissions and completions.
- 4.10 The revised method identifies 76% of local housing need nationally focused in local authorities classified as urban (10,000 people or more in a built-up area – i.e. major and minor conurbations, cities and towns and towns in a sparse setting) by the 2011 Office of National Statistics (ONS) classification. 141 authorities (excluding London boroughs) will have a change of over 25% when compared to the higher of what areas have most recently planned for or the number produced by the current standard method. These include South Derbyshire.

Delivering First Homes

- 4.11 First Homes are a new affordable home ownership tenure planned by the Government, it is proposed that 25% of all affordable homes delivered on-site will be First Homes, mandated in forthcoming legislation. The homes will be sold to first time buyers with a household income below £80k at a discount of 30% below the market value, with prices capped at £250k before discount. The discount will be held in perpetuity to ensure the homes are retained as affordable housing for future generations. A local authority can alter the discount or lower the price cap through the local plan review process if they feel they are unaffordable for their area, however, evidence on the viability of delivery of these homes will be required. In addition, a local authority can also place restrictions on the sale of these homes to

people with a local connection for a period of three months, after which they will be open to anyone with a connection within England to purchase.

- 4.12 The Government consultation on the 'First Homes' initiative was the subject of a report to the Council's Housing and Community Services Committee on 12 March 2020 (ref HCS/91). The report concluded that whilst the new tenure would increase the number of affordable homes delivered, as the scope of what is deemed 'affordable' would be expanded, the discounted homes would not be accessible to the majority of households on the Council's waiting list who needed secure, affordable rented housing in the longer-term. It was considered important that upper value thresholds be set at a local, rather than national, level and that purchasers be means tested.

The Government's Proposed Approach

Percentage of affordable housing secured through developer contributions

- 4.13 The Government intends to set out in national policy that a minimum of 25 per cent of all affordable housing units secured through developer contributions should be First Homes. Initially these will be secured through Section 106 planning obligations but, under proposed reforms, these would subsequently be secured through the Infrastructure Levy (see Planning for the Future).
- 4.14 In accordance with the NPPF, affordable housing is expected to be delivered onsite unless offsite provision or a financial contribution in lieu can be justified. Currently, around four per cent of affordable housing contributions are secured as cash or land contributions, rather than as onsite affordable housing. Therefore, in the majority of cases, onsite delivery would be expected under this policy. However, where cash contributions to affordable housing are secured instead of onsite contributions, a minimum of 25 per cent of these should be used to secure First Homes. This could be achieved, for instance, by acquiring additional First Homes from market development, paying the developer a sum to offset the discount from market price, and securing the tenure through section 106 planning obligations. Where a mixture of cash and onsite contributions are secured, 25% of the overall value of contributions should be applied to First Homes.
- 4.15 South Derbyshire Local Plan Part 1 Policy H21 'Affordable Housing', indicates that the Council will seek up to 30% affordable housing on sites of over 15 dwellings with reference to the local housing market; viability; tenure mix and dwelling type based on the Strategic Housing Market Assessment and proposed phasing.
- 4.16 The NPPF currently states that where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. Under the proposed approach, therefore, it is necessary to define the criteria for policy compliance, under which a development is assumed to be viable.
- 4.17 The Government proposes that, under the new system, a policy compliant planning application should seek to capture the same amount of value as would be captured under the local authority's up-to-date published policy. For instance, a local policy may require 20% affordable housing on site, half of which is shared ownership, and half of which is social rent. The plan viability assessment will set out assumptions on the amount of value captured – for example, a social rent home may be discounted by 50% from market price, and a shared ownership home may be discounted by 20%. This allows the total value captured under the policy to be calculated. This value can then be reallocated to a different affordable housing mix under the new policy.

4.18 In addition to capturing the same amount of value towards affordable housing as the existing policy, where onsite affordable housing is required, a policy compliant application will have a minimum of 25% of affordable housing units onsite as First Homes. For the remaining 75% of affordable housing secured through developer contributions, there are two broad options:

- Option 1: Where a local authority has a policy on affordable housing tenure mix, that policy should be followed, but with First Homes delivering a minimum of 25% of the affordable housing products. First Homes should replace, as a priority, other affordable home-ownership products, as defined in the NPPF, prioritising the replacement of those tenures which secure the smallest discount from market price.

- i. Where this replaces all home ownership products, any rental products are then delivered in the same ratio as set out in the local plan policy. For instance, if a local plan policy requires an affordable housing mix of 20% shared ownership units, 40% affordable rent units and 40% social rent units, a compliant application would deliver an affordable housing tenure mix of 25% First Homes; 37.5% affordable rent and 37.5% social rent.

- ii. Where this does not replace all home ownership products, the remainder of the home ownership tenures are delivered, and the rental tenure mix is delivered in line with the proportions set out in the local authority plan policy. For instance, if a local plan policy requires 80% of units to be shared ownership and 20% to be social rent, a policy compliant application would deliver 25% First Homes units, 55% shared ownership and 20% social rent.

- Option 2: A local authority and developer can negotiate the tenure mix for the remaining 75% of units. If a local authority has an up-to-date policy on cash contributions in lieu of onsite contributions, then a policy compliant application will align with this approach.

4.19 Option 1 would provide more early clarity for developers as to what constituted a policy compliant development, and would reduce negotiation, which can slow the development process. Option 2 would give local authorities more flexibility but would increase delay. For that reason, the Government prefers Option 1.

4.20 Currently, sites or proposed developments such as those that provide solely for Build to Rent homes are exempt from requirements to deliver affordable home ownership products. This is set out in paragraph 64 in the NPPF. In line with existing policy, the Government is considering how to implement these exemptions with regards to First Homes.

Local plans and transitional arrangements

4.21 Where local authorities choose to update their tenure mix to reflect the proposed new policy, they can do this through a local plan review, although the Government believes that prioritising the replacement of home-ownership tenures by First Homes will reduce the need for this.

4.22 Where significant work has already been undertaken to progress a planning application, including where there has been significant pre-engagement with a local authority on the basis of a different tenure mix of affordable housing, the local authority should have flexibility to accept alternative tenure mixes, although they should consider whether First Homes could be easily substituted for another tenure, either at 25% or a lower proportion.

Level of discount

- 4.23 The minimum discount for First Homes should be 30% from market price which will be set by an independent registered valuer. The valuation should assume the home is sold as an open market dwelling without restrictions. Local authorities will have discretion to increase the discount to 40% or 50%. This would need to be evidenced in the local plan making process. Where discounts of more than 30% are applied to First Homes, the requirement for a minimum of 25% of units onsite to be First Homes will remain in place.

Community Infrastructure Levy

- 4.24 In line with other affordable housing tenures, it is intended to introduce an exemption from the Community Infrastructure Levy (CIL) for First Homes. This will be introduced nationally through regulations. Further proposals are being developed for an Infrastructure Levy, to replace CIL and Section 106 planning obligations. First Homes and affordable housing delivery will remain integral to this approach. The balance of infrastructure and affordable housing will be considered as part of this.

Exception sites and rural exception sites

- 4.25 It is intended to introduce a First Homes exception sites policy, to replace the existing entry-level exception sites policy. Exception sites are small sites brought forward outside the local plan to deliver affordable housing. It is proposed that the amended policy will specify that the affordable homes delivered should be First Homes for local, first-time buyers. There will be the flexibility in the policy to allow a small proportion of other affordable homes to be delivered on these sites where there is significant identified local need as well as a small proportion of market homes where this would be necessary to ensure the viability of the site overall. This policy will not apply in designated rural areas, where delivery will be through the rural exception sites policy.
- 4.26 It is intended to remove the NPPF threshold on site size that currently applies for entry-level exception sites. However, the requirement that First Homes exception sites should be proportionate in size to the existing settlement will be retained.
- 4.27 It is intended to protect the important role that rural exception sites play in delivering affordable homes in rural areas, with rural exception sites being retained as a vehicle for delivering affordable housing in designated rural areas. However, it is recognised that this delivery mechanism is currently underused in many cases, and planning guidance will be updated in due course.

Next steps

- 4.28 It is intended to begin by making planning policy changes, to ensure that clear expectations are set. However, to ensure that First Homes are delivered, nationwide, on a consistent basis, the Government is keeping under consideration the option to strengthen the policy through primary legislation at a future date. Significant reforms to developer contributions are also being considered.

Supporting Small and Medium Sized Developers (SMEs)

- 4.29 SMEs make an important contribution to overall housing supply. Small sites typically build out more quickly than larger sites, as they are less constrained by the market absorption rate. SMEs build the majority of smaller sites. In addition, the majority of apartments across the country are built by SME builders. As well as having national importance, SMEs play a significant role in local areas – providing increased choice

in type and design of housing. A range of builders, using different designs, across different site sizes in different locations increases build out rates and overall supply.

- 4.30 SME builders have been declining over the long-term and were hit hard by the last recession. There were 16% more builder and developer insolvencies in 2019 than in 2018, the vast majority of which were SMEs. They are now under further pressure due to Covid-19.
- 4.31 Contributions from developers play an important role in delivering the infrastructure and affordable housing to support communities and local economies. Local authorities can obtain these contributions by negotiating Section 106 planning obligations with a developer, as is the case in South Derbyshire, or charging a CIL on new development.
- 4.32 The Government has introduced legislation to give local authorities more flexibility to support SMEs, by allowing them to defer CIL payments to assist with cashflow, while ensuring that contributions towards infrastructure are still payable in the longer-term.
- 4.33 To support SMEs in the medium-term during economic recovery from Covid-19, the Government is also proposing to reduce the burden of contributions for more sites for a time-limited period.

Developer contributions

- 4.34 National policy states that affordable housing contributions should not be sought for developments of fewer than 10 units (small sites). This is to ensure that a disproportionate burden of developer contributions is not placed on SMEs. In designated rural areas policies may set out a lower threshold of five units or fewer.
- 4.35 To stimulate economic recovery with a particular focus on SMEs, the threshold for affordable housing contributions could be raised. For example, for a threshold of up to 40 units the Government would expect to see a reduction of between 7% and 14% of Section 106 affordable housing delivery over a single year, assuming overall housing delivery remained constant. For a threshold of up to 50 units, this would be between 10% and 20%. However, the Government anticipates that raising the threshold would make more sites viable for SME developers and would increase the pace of their delivery as the need for negotiation would be removed.
- 4.36 To ensure that this measure does not inflate land prices in the longer-term, it is proposed that the higher threshold is implemented for a time-limited period and lifted as the economy recovers from the impact of Covid-19. This should also minimise any constraints on the introduction of First Homes.

The Government's proposed approach

- 4.37 It is proposed to raise the small sites threshold to up to either 40 or 50 new homes through changes to national planning policy the Government is seeking views on the most appropriate level. These thresholds balance the aim of supporting SMEs with the need to deliver new affordable homes. This will be for an initial period of 18 months in which the impact of the raised threshold on the sector will be monitored before reviewing the approach.
- 4.38 National policy currently sets out a site size threshold for residential development in addition to number of homes, stating that affordable housing contributions should not be sought for developments that have a site area of less than 0.5 hectares. It is proposed to increase the site size threshold at the same proportion as the increase in

number of homes threshold and views are sought on whether this is the most appropriate approach.

- 4.39 There could be adverse threshold effects whereby developers attempt to bring forward larger sites in phasings of up to 40 or 50 homes (depending on which threshold is taken forward in legislation) to avoid contributions. To minimise the impact of this potential threshold effect, it is proposed to set out in planning guidance how local planning authorities can secure contributions for affordable housing where it is apparent that a larger site is being brought forward.

Affordable housing in rural areas

- 4.40 In designated rural areas, LPAs can set a lower threshold of five units or fewer in their plans. Rural local authorities secure greater proportions of their housing supply as affordable on average when compared to urban local authorities. In designated rural areas, it is therefore proposed to maintain the current threshold.

Extension of the Permission in Principle consent regime

Introduction of applications process for major developments

- 4.41 Permission in Principle was introduced in 2017 as a new faster way of obtaining planning permission for housing-led development, which reduced the need for landowners and developers to incur significant costs to establish the principle of development for housing on brownfield land. Permission in Principle by application was introduced in 2018, for minor developments (i.e. small sites that support fewer than 10 dwellings). To date in South Derbyshire no sites have been granted Permission in Principle.
- 4.42 Permission in Principle is designed to separate decision making on 'in principle' issues addressing land use, location, and scale of development from matters of technical detail, such as the design of buildings, tenure mix, transport and environmental matters. The aim is to give up-front certainty that the fundamental principles of development are acceptable before developers need to work up detailed plans and commission technical studies. It also ensures that the principle of development only needs to be established once.
- 4.43 The Permission in Principle consent route has two stages:
- the first stage ("Permission in Principle") establishes whether a site is suitable in-principle for development. This grant of Permission in Principle is for five years and no planning conditions can be attached to it
 - the second ('technical details consent') stage is when the detailed development proposals are assessed, and conditions can be attached
- 4.44 A grant of Permission in Principle plus a grant of technical details consent together equates to full planning permission.

Securing the principle of development for housing on more sites

- 4.45 To support economic recovery, it is proposed to make it easier for landowners and developers to have certainty that the principle of development for housing only needs to be established once in the process before developers need to get into more costly, technical matters. This is particularly important for smaller sites which have not been allocated in local plans and where there is now, due to the rapidly changing economic circumstances, a desire by landowners to release the land for housing.
- 4.46 The Planning for the Future consultation document proposes that land allocated for substantive development in local plans should be automatically granted a form of

permission of principle. As this new framework will take time to implement, the Government wishes to expand the current Permission in Principle framework for housing-led development as an early opportunity to move towards this new approach.

Extending Permission in Principle to cover major development

- 4.47 Restriction limiting the scope of the principle to minor development limits its potential. In particular, in town centres and other high-density urban areas, relatively small sites are capable of supporting apartment developments of over 10 units, but their scale means they are ineligible for Permission in Principle applications.
- 4.48 It is, therefore, proposed to remove the restriction in the current Permission in Principle regulations to major development. Currently, 84% of planning applications for residential development are for schemes of 10-150 homes, which deliver 46% of new housing development each year.
- 4.49 It is envisaged that a change of this kind will particularly benefit SME developers and in doing so will complement the Government's wider initiatives to support SMEs.
- 4.50 Permission in Principle by application will not in practice be a route to permission for large sites capable of delivering more than 150 dwellings or more than five hectares – the Environmental Impact Assessment (EIA) Regulations 2017 Schedule 2 threshold for urban development, save where a screening opinion has been obtained which concluded the proposal was not EIA development. Similarly, Permission in Principle will not be suitable for sites in areas where, applying the Conservation of Species and Habitats Regulations 2017, there is a probability or risk that the project is likely to have a significant effect on a European site, unless the application was accompanied by an appropriate assessment demonstrating there was unlikely to be significant impact on the site.
- 4.51 Permission in Principle by application may include other uses as retail, offices, or community spaces. However, housing must occupy the majority of the overall scheme. Additionally, non-housing development should be compatible with the proposed residential development.
- 4.52 The current regulations for Permission in Principle by application for minor development sets a limit of commercial development to 1,000 sqm, with a maximum size capped at 1 hectare. For the expanded Permission in Principle route extending to major development, it is not proposed to set a limit for commercial development space. This is because it is considered that it will be unnecessary to do so as it will still be the case that Permission in Principle should only be granted for development that is housing-led.

Process for making a Permission in Principle application for major development

- 4.53 It not intended to make any significant changes to the current process set out in regulations for granting Permission in Principle by application. This includes the five-week determination period and the 14-day period for consultation with the public and statutory consultees. However, views are sought on maintaining the existing information requirements and publicity arrangements as these may need to be amended.

Information requirements

- 4.54 The primary decisions about when to grant Permission in Principle will be locally driven, taking account of national and local policy. Permission in Principle must be followed by an application for technical details consent to agree the details of the

scheme before the applicant obtains full planning permission and can start work on site.

- 4.55 It is anticipated that the process for making a Permission in Principle application for a major development would follow these same procedures, where the relevant matters for consideration are location, land use and the amount of development.
- 4.56 A Permission in Principle application must be made in writing on a form published by the Secretary of State (or a form to substantially the same effect) and include the particulars specified or referred to in the form which include: a description of the proposed development; the proposed minimum and maximum number of dwellings; the amount of any non-residential development; the size of the site in hectares and a brief description of any supporting information that is accompanying the application. The local planning authority may not require the submission of any other information, including that specified on its local list.
- 4.57 For the Permission in Principle stage, it is intended to apply broadly the same information requirements as for minor development applications, i.e. the developer would only have to provide information as to: the minimum and maximum net number of dwellings and a map or plan of the site (drawn to an identified scale). Technical details consent requirements would provide the necessary supplementary information for the local planning authority to determine the application.
- 4.58 The Government is interested in whether, given the larger scale of development, there should be an additional maximum height threshold parameter, in terms of number of storeys, as part of the Permission in Principle.

Publicity arrangements

- 4.59 Publicity requirements for Permission in Principle by application, as set out in regulations, require local planning authorities to publicise consultations by site notice and by including the application on their website. By contrast, applications for planning permission require the above plus the placing a notice in a local newspaper.
- 4.60 Given the shorter timescales for determining Permission in Principle applications the Government wishes to ensure that local communities are notified quickly about an application. In May 2020 temporary regulations were introduced to provide flexibility to how local planning authorities can publicise applications if they cannot meet existing statutory requirements, including through the use of social media. Feedback is sought as to whether there would be benefits in amending the publicity requirements for Permission in Principle to enable similar flexibility or whether they should be subject to more traditional publicity requirements such as notices in newspapers.
- 4.61 It is planned to retain the current publicity requirements for statutory consultees and parish councils.

Revised fee structure to incentive Permission in Principle by application

- 4.62 The current fee for Permission in Principle by application for minor development is £402 per 0.1 hectare (capped at a maximum of one hectare), which is to cover the costs incurred in processing the application, as well as the costs of undertaking consultation and assessment against local and national policy.
- 4.63 Under this fee structure, a Permission in Principle application for a one-hectare development would cost approximately £4,000, which is only slightly less than the cost of an outline planning application (£4,600). The Government proposes

Permission in Principle by application as a faster and cheaper alternative to outline permission and has considered a number of options to facilitate this. Options considered include: a) retaining the current fee structure based on a flat fee per 0.1 hectare but with a lower fee; b) adopting a site-size criterion, with a charging scheme based on the actual number of dwellings (NB. this is not considered practical because the exact number of housing units in the proposed scheme will not be known until the applicant submits the technical details consent application); and c) officers' preferred option of a simplified banded fee structure, with a fixed fee per 0.1 hectare in each band, and maximum fee cap based on the following site sizes:

- less than 1 hectare (= £x fee per 0.1 hectare)
- between 1 to 2.5 hectares (= £y fee per 0.1 hectare)
- more than 2.5 hectares, capped at a maximum (= £z fee per 0.1 hectare, capped)

4.64 The Government considers these lower fees to be reasonable because an LPA only needs to make a decision on the principle of the development, not on the technical details of the development like a normal planning application.

Brownfield Land Registers and Permission in Principle

4.65 Every local authority is required to publish and maintain a Brownfield Land Register, which provides up-to-date, digitally and publicly available information on brownfield land that is suitable for housing. Brownfield Land Registers are divided into two parts. Part 1 contains a list of brownfield sites that are considered appropriate for residential development; and Part 2 consists of sites which have been taken forward from Part 1 of the register and granted automatic Permission in Principle by the local planning authority (following consultation). Individual Permission in Principle applications granted by local planning authorities from sites that were contained in Part 1 of the Brownfield Land Register must also be included in Part 2 of the Register. To date in South Derbyshire no sites on the Brownfield Land Register have been granted Permission in Principle.

4.66 To ensure that Brownfield Land Registers continue to be a single source of information for developers and to inform the national brownfield map in the short term, it is proposed that all Permission in Principle by application "consents" that are on brownfield land should also be automatically recorded in Part 2 of the Brownfield Land Register. In the longer-term, under the Planning for the Future proposals, as the new local plans are produced, it is intended to review the role of Brownfield Land Registers.

Additional guidance to support implementation

4.67 Understanding of this consent route among landowners, developers and local planning authorities is often limited. It is proposed to provide further clarity in guidance on the purpose, process and benefits of Permission in Principle to help mitigate this.

Next steps

4.68 Following this consultation, if the Government introduces Permission in Principle by application for major development, it aims to introduce amending regulations this Autumn, with the regulations expected to come into force by the end of the calendar year. Changes to the fee structure would require separate changes to the Planning Fees Regulations.

5.0 Financial Implications

5.1 The First Homes proposals may potentially present resourcing implications for the Strategic Housing Service, although it is unclear whether this will be the case at this

stage. It is understood that the Government has indicated that New Burdens funding may be made available to assist in this regard.

- 5.2 The expansion of Permission in Principle may have implications for planning fee income and Development Management resourcing, although these cannot be quantified at this stage.

6.0 Corporate Implications

- 6.1 **Employment Implications:** The proposed changes will lead to additional work for the Strategic Housing Team in terms of assessment for eligibility of prospective First Home occupants. It is not clear at this stage whether this can be absorbed within existing staffing capacity.
- 6.2 The proposals concerning Permission in Principle may have implications for the resourcing of the Planning Service, although these cannot be quantified at this stage.
- 6.2 **Legal Implications:** The Government states that it intends to raise the site size threshold (in terms of numbers of dwellings) at which affordable housing provision may be required, in order to support SME builders through legislation (see para 4.38 of this report). To ensure that First Homes are delivered, nationwide, on a consistent basis, the Government is keeping under consideration the option to strengthen policy through primary legislation at a future date.
- 6.3 **Corporate Plan Implications:** The proposed changes have implications for the strategic priorities and objectives contained in the Council's Corporate Plan in terms of 'enabling the delivery of housing across all tenures to meet Local Plan targets' through market and affordable housing provision with a potential detrimental impact on rented affordable delivery; 'improving the environment', insofar as the changes will lead to a significant increase in the quantity of greenfield land to be developed to meet forecast housing requirements; and 'encouraging and supporting business development and new investment in the district' insofar as the proposals may potentially offer support for the development industry, particularly in the SME range.
- 6.4 **Risk Impact:** The potential risk in regard to the proposed new standard method for calculating housing need is that the levels of overall housing provision may exceed actual levels of need within the District, leading to the unnecessary loss of undeveloped greenfield land and adverse impacts on local communities. Under terms of the current NPPF, that figure will become the basis for calculating the target against which the Council's housing land supply will be measured after the expiry of the five-year period following Local Plan adoption, that date being June 2021. This could severely weaken the Council's position in guarding against unwelcome development on unallocated sites pending the adoption of a replacement Local Plan.
- 6.5 The delivery of shared ownership homes will be significantly impacted by the proposals for First Homes. In terms of affordability and raising a deposit, shared ownership is a more affordable product. If the Council chose to seek to address this in the forthcoming Local Plan review by lowering the price cap or increasing the percentage discount below those to be set at the national level, the amount of money that could be raised for affordable housing delivery through the proposed new Infrastructure Levy would be reduced.
- 6.6 The proposal to raise site size thresholds for affordable housing contributions during the post COVID-19 economic recovery will have a substantial impact on delivery, that cannot currently be quantified. The proposed scheme may not serve its intended purpose of supporting SME builders in the area as it does not guarantee

small sites will be developed by SMEs, takes no account of property values of different areas and may lead to land banking until the market recovers. No indication has been given as to the date from which the new thresholds will be effective and whether it will impact sites already under construction, those with outstanding permissions or new just new applications. It may present a perverse incentive to under-deliver housing on a site to avoid the contribution.

- 6.7 The need for the Council to perform well in regard to the Housing Delivery Test will increase affordable housing completions required at a time when the Council's delivery will be hampered by raised thresholds.
- 6.8 There is a risk that unless local authorities are granted the scope to require more detail than is currently required to be submitted, Permission in Principle applications for major development may provide insufficient information to ensure that community needs and potential impacts of development are properly addressed.

7.0 Community Impact

7.1 **Consultation:** Public consultation on applications for Permission in Principle proposals will involve a narrower range of planning considerations than is the case with an outline planning application. Other considerations will be submitted and made available for public consultation at the 'technical details consent' stage.

7.2 **Equality and Diversity Impact:** The proposed standard method for assessing housing need is intended to improve affordability by targeting delivery of new homes according to the scale of local need. The temporary raising of the development size threshold (in terms of housing numbers) at which the developer may be required to make provision for affordable housing and the requirement to include First Homes may impact on specialist housing delivery, in particular for those with physical disabilities, learning disabilities, older people and people suffering with poor mental health who need supported accommodation.

7.3 **Social Value Impact:** The proposals are intended to address housing need as described in para 7.2, above. Assistance for SME developers is intended to enhance the viability of such local employers, which may have a positive impact on job numbers in this sector.

7.4 **Environmental Sustainability:** Potential social implications relate to the potential detrimental impact on the provision of homes to meet the full range of needs. Potential economic implications relate to support for the development sector, particularly SME builders. Potential environmental implications relate to the potential loss of a greater quantum of undeveloped greenfield land.

8.0 Conclusions

8.1 The consultation document poses a series of questions and it is proposed that the suggested answers to these, set out at Annexe B, should form the basis of the Council's response to the consultation exercise.

9.0 Background Papers

"Changes to the Current Planning System"

Ministry for Housing,
Communities and Local
Government, August 2020

Explanation of the Proposed Formulae for Calculating Local Housing Need

“Step 1 Setting the baseline – providing stability and certainty by incorporating a blend of household projections and stock”

“We consider that the baseline for the standard method should be whichever is the higher of 0.5% of existing housing stock in each local authority OR the latest projected average annual household growth over a 10-year period.

“Recognising the limitations of household projections for the purposes of identifying housing need, the Government considers that they continue to remain the best way of projecting forward likely trends in household formation. Household projections therefore continue to form a part of the baseline, but will act as a “top-up” to a basic percentage of existing stock in each area. This allows areas that experience significant increases in projections compared to existing stock to plan for the homes they may need as a result of recent trends. This results in a “higher of” approach.

“Focusing the new standard method baseline on stock with a household projections “top-up” helps bring stability to the method. This is because stock is stable and does not vary significantly, unlike a household projections-only approach. It is based on current data, and is also a tangible and easily understandable concept. Using stock will ensure that all areas, as a minimum, are contributing a share of the national total, proportionate to the size of their current housing market. Basing the approach on stock also helps to reinforce development in existing urban areas, thereby ensuring that new homes can maximise existing infrastructure such as public transport, schools, medical facilities and shops.

“We propose a simple 0.5% of existing stock as a starting point for the baseline. The most robust data source of stock levels is the annually published Dwelling stock estimates by local authority districts and the most recent data published at the time should be used. The number of net additional dwellings delivered in 2018-19 represents an increase of approximately 1% on the previous dwelling stock estimate of 24.2 million dwellings in England as at March 2018. 0.5% represents a basic level of increase in all areas without putting a disproportionate emphasis on existing stock levels.

“The household projections element of the baseline will use the latest ONS national household growth projections for the local authority area (Principal projection, table 406). The projected average annual household growth over a 10-year period (10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period) will be used.

“Whichever is higher of 0.5% of existing stock or the projected average annual household growth over a 10-year period will be used as the baseline. Note the overall outcome of the baseline should not be considered in isolation, as it forms proportionately less of the overall need number than the current standard method does. This is because the revised formula puts a greater weighting on market signals in Step 2.”

“Step 2 Adjusting for market signals – maintaining price signals using the current affordability ratio and the change in affordability over the last 10 years”

“We propose the standard method will include two adjustments to the baseline using the workplace-based median house price to median earnings ratio. Initially it is proposed that the ratio for the most recent year for which data is available in order to address current

affordability of homes would be used. Then how affordability has changed over the last 10 years of published data would be incorporated, using that same statistic.

“The precise formula is as follows:

Adjustment Factor

$$= \left[\frac{((\text{Local affordability ratio}_{t=0} - 4) \times 0.25)}{4} + ((\text{Local affordability ratio}_{t=0} - \text{Local affordability ratio}_{t=-10}) \times 0.25) \right] + 1$$

Where $t = 0$ is current year and $t = -10$ is 10 years back.

“The Government considers that price signals, in the form of an affordability adjustment, are an integral part of the standard method. High house prices indicate a relative imbalance between the supply and demand for new homes, making homes less affordable. The affordability of homes is the best evidence that supply is not keeping up with demand.

“The workplace-based median house price to median earnings ratio is a nationally recognised and robust publicly available national statistic. It reflects the relationship between local house prices and earnings and is relatively stable over time. Using a ratio based on house price aligns with Government aspirations about home ownership and importantly it ensures that the standard method is responsive and targeted to where affordability issues are most acute. Consideration has been given to the relative merits of the house price to workplace-based earnings ratio against the house price to residence-based earnings ratio. The workplace-based ratio (used in the current standard method) is felt to be most appropriate.

“Using the most recent ratio enables an assessment of current affordability in an area. This ensures the formula responds to the most recent data. Incorporating an affordability trend over a 10-year period enables an assessment of the direction of travel in an authority area. Where affordability improves, a proportionately lower need level will be established. However, if an area’s affordability worsens, then the housing need identified will be proportionately higher.

“The affordability adjustment is a two part method aimed to deliver greater overall emphasis on affordability than in the current standard method. It is also designed to factor affordability changes over a 10-year period.

“Part one of the affordability adjustment follows a similar method to that used in the current standard method. For each 1% the ratio is above 4, the baseline is increased by a quarter of a percent. Current guidance states that no adjustment is applied where the ratio is 4 or below. However, now that stock helps to stabilise the baseline, the affordability element of the new standard method can be responsive in areas where affordability is below 4 and we propose to amend guidance to this effect.

“The formula now allows for downwards adjustments, where for each 1% the ratio is below 4, the baseline is decreased by a quarter of a percent. This means that these areas would not experience an uplift on the baseline as a result of this element of the formula. Four is the threshold as four times a person’s earnings is the maximum amount that can typically be borrowed for a mortgage - if an average worker cannot get a mortgage for an average home in the area without additional help then there are not enough homes in the area.

“Part two of the affordability adjustment focuses on the absolute difference between the latest affordability ratio and the affordability ratio 10 years ago. The difference calculated is multiplied by a factor of 0.25. This emphasis puts more pressure on local authorities whose affordability ratio has increased over the 10-year time frame, but likewise allows for local authorities whose ratio has improved to benefit from reductions in their affordability adjustment.

“The affordability adjustment in part one and part two are added together (with a constant of 1), to reach a total affordability factor which is subsequently applied to the baseline. The combined effect is an increased responsiveness to affordability, reflecting the importance that the Government attaches to this.

“Unlike the previous method, the new standard method does not have a cap applied to limit the level of increase for individual authorities. The Government is clear that in order to significantly boost the supply of homes and address the past undersupply as quickly as possible, a step change is needed. Capping the level of need is not compatible with this aim. In no longer applying a cap, the resultant housing need is the level of need that authorities should be planning to release land for, according to their specific circumstances.”

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?

No. In South Derbyshire's case a significant element of projected household growth is accounted for by development required to meet need generated within the neighbouring city of Derby, based upon the target identified in the current Local Plan. The household formation projections are based on observed trends over the five year period from mid-2014 to mid-2018, which showed considerable growth which was driven both by changes in the established population and movement into the district from beyond its boundaries, as provided for in the Local Plan housing target. The proposed formula therefore calculates a level of future need that represents not only that generated within the District, but also a significant proportion of that which is expected to be generated by the neighbouring authority. The apportionment of future provision between neighbouring LPAs should be a matter for consideration in establishing the local requirement as part of the plan making process and should not form part of the baseline calculation of need. The inclusion in the formula of changes to affordability in the district over the previous ten years further inflates the requirement to a substantial degree, as described in the response to question 4.

Under the current system for calculating housing need, which post-dates the adoption of the Local Plan and was introduced in 2018, South Derbyshire's forecast need has been calculated to be 552 dwellings per annum (DPA). The proposed methodology would result in this figure rising to 1209 pa, a difference of 657 dpa, representing growth by a factor of some 2.19. Construction at this pace would represent change on a massive scale, dramatically altering the character of South Derbyshire, which is currently identified by the ONS as falling within the 'significantly rural' category.

It should be borne in mind that the housing 'need' figure represents a 'starting point' and does not take account of any additional requirement that may arise through potential overspill from neighbouring urban areas.

The consultation document states that the proposed methodology would result in 76% of housing need being focussed in urban areas, identifying benefits such as concentrating development in transport hubs, densifying urban areas and promoting the 'brownfield first' agenda (para. 41). The methodology would have the exact opposite impact within South Derbyshire, directing the vast majority of development to huge swathes of rural greenfield land. Such an outcome would be wholly unacceptable.

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.

In order to avoid the problem identified in the response to Q1 it is proposed that future need should be based solely on the scale of existing stock, but set at 1% rather than 0.5% to ensure a sufficient scale of delivery at the national level.

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.

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. Given that transactions in the past three years in South Derbyshire include close to 1,000 new builds per annum and that these are, on average, sold for 9.6 times the median income, it is likely they are skewing the average value of transactions upwards, exaggerating the ten year trend in the affordability ratio. It is therefore considered that the incorporation of the affordability trend data in the new standard approach results in a figure that greatly exceeds the actual level of local need.

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

No. For the reason given in the response to question 4, it is considered that the affordability factor should not include trend data as this exaggerates the extent of local need. Rather, it should exclude the proposed ten-year affordability adjustment and be based solely upon the most up to date median house price to median earnings ratio.

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?

The circumstances described do not pertain to South Derbyshire and the Council therefore has no comment.

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

The circumstances described do not pertain to South Derbyshire and the Council therefore has no comment.

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

Should it be adopted, the new standard method will lead to a dramatic increase in the annual housing need figure for South Derbyshire. As per the current NPPF, that figure will become the basis of the target against which the Council's land supply will be measured after the expiry of the five-year period following Local Plan adoption. Strong measures should be set in place to allow LPAs in such a position to guard against unwelcome development on unallocated sites, under the terms of the presumption in favour of sustainable development, pending the adoption of replacement Local Plans.

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)

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

Option 2: The Council supports the Government view that in the first instance First Homes should replace other affordable home ownership products, in South Derbyshire's case, Shared Ownership (SO) homes. This option is beneficial as it will not impact on the delivery of much needed affordable homes to rent, as evidenced by the recently adopted Strategic Housing Market Assessment. However, First Homes will not be affordable for all aspiring homeowners as the deposit required, even with a 30% reduction from market price, will be far greater than purchasing a share in a SO property, usually 25%. In certain areas within the District the inclusion of such a high percentage of First Homes will eliminate all the delivery of SO homes in one Housing Sub-Market Area (HMA) based on the current tenure split, with only a small percentage (7%) delivered in the other two HMAs.

Balanced against this is the critical need for the District to supply affordable homes for rent, in particular at social rent. Should the Council wish to increase the delivery of SO homes, the delivery of affordable homes to rent will decrease. The introduction of First Homes will no doubt decrease the amount of genuinely affordable homes both to rent and buy within the District and price some residents out of the opportunity to purchase. As such, the Council prefers to retain the flexibility to make tenure choices based on the best interests of the District through negotiation with the developer.

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?

No. To achieve balanced and mixed communities any development should offer a mix of affordable home ownership products on site to cater for the aspirations of homeowners from different economic backgrounds and not disadvantage those with lower incomes in terms of achieving their aspirations of home ownership. Should this be exempted, sites that predominantly delivered First Homes would have no requirement to provide any other form of affordable homeownership products or affordable rented products.

Where major development involving the provision of housing is proposed, planning policies and decisions should expect at least 10% of the homes to be available for affordable home ownership, unless this would exceed the level of affordable housing required in the area, or significantly prejudice the ability to meet the identified affordable housing needs of specific groups. Exemptions to this 10% requirement should also be made where the site or proposed development:

a) provides solely for Build to Rent homes;

b) provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students);

c) is proposed to be developed by people who wish to build or commission their own homes; or

d) is exclusively for affordable housing, an entry-level exception site or a rural exception site.

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

Not sure.

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

Not sure.

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

No. There needs to be a distinct cut off for applications whereby the agreed tenure types cannot be altered to ensure that the local community is clear on the type of contributions the scheme will make and to allow local authorities time to prepare for the changes and instigate any required additional criteria for these homes, e.g. local connection criteria and the required publication of evidence to substantiate this inclusion. Applications that have already secured permission or have had in depth discussions with the local authority on the required tenure mix should be exempted from the delivery of First Homes.

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

No. Local authorities are best placed to set their own levels of price cap and discount based on their extensive knowledge of the District and evidence of local affordability.

It is disappointing that the price cap and discount has been set nationally for the roll out of First Homes, with local authorities not being afforded the freedom to set their own levels based on their knowledge of local affordability. Whilst it is welcomed this can be changed through the Local Plan review, this will not be in place in time for the implementation of First Homes and many local authorities will be have to work within the terms of this ruling for many years. At the maximum levels, the price of First Homes will be unaffordable and unobtainable for many of our residents wishing to realise their aspiration of homeownership, the First Homes being delivered at the expense of a more affordable home ownership product.

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?

While this approach would align with the existing rural exception sites policy, it is important to ensure that any site is led by identified evidence of need for affordable homes and the homes proposed address this need. Proposals should not be led by the desire to deliver market homes and such provision would need to be kept to the absolute minimum to make the scheme viable. The maximum amount should be set by each individual local authority as they are the experts in local needs and affordability. There is also concern that this approach may raise land values for such schemes, resulting in less affordable housing delivered.

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

Yes, as long as the size is proportionate to the existing settlement or local area.

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

Yes, the Council supports the need to deliver appropriate affordable housing in our rural communities, for local people and to meet locally identified needs and therefore wholeheartedly supports the requirement to exempt First Homes exception sites in these areas that would dilute the delivery of genuinely affordable homes for people within the community. We would like to ensure the 'designated rural area' defined in the NPPF remains in place and the Designated Protected Areas (DPA) legislation remains unchanged, meaning that parishes with populations of 3000 or under are exempt from First Homes exception sites rules.

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

No, the Council strongly disagrees with any increase in the threshold and believes that this should be based on local viability. However, if this is to be enacted the Council agrees that this should be time limited for any new applications approved after the date that the proposals come into effect. It is difficult to know how long any economic recovery will take following the COVID-19 crisis, but 18 months seems to be too long before any review and therefore the Council would call for any threshold to be reviewed annually to take into account local levels of recovery.

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

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

iii) Other: To remain as is the current local threshold of over 15 dwellings.

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

No, this will be catastrophic for affordable housing delivery locally at a time when it will be needed more than ever. There has already been a significant increase in homelessness presentations throughout the pandemic due to domestic abuse, relationship breakdowns and interim arrangements of accommodation with friends and relatives no longer being appropriate. This is likely to increase when the temporary halt on evictions is lifted later in the year, alongside an increase in mortgage repossessions due to the economic downturn. Within South Derbyshire over 70% of the affordable housing delivered is through developer contributions. Increasing the threshold for affordable housing contributions to this magnitude (40 or 50 dwellings) will disproportionately impact affordable housing delivery in the District.

The proposals take no account of local land and house prices, potentially leading to higher returns for the developer; provide no safeguards to protect against the exploitation of smaller sites by larger developers, thus not supporting the intended target of SMEs; and would have the unintended consequence of incentivising delivery below the threshold set in order to avoid affordable housing contributions. While it could be argued that this is always the case, the impact would be greater given the increased threshold at the expense of affordable housing delivery.

A more effective means of supporting SMEs to deliver smaller sites would be to provide direct incentives targeted at them, rather than incentives that offset against the delivery of affordable housing for local communities. This might include direct investment in SMEs, or

having a more generous profit margin for these entities which would reduce the consequences of the proposal outlined above

Some areas already have set more generous thresholds based on evidence of local viability issues and will actively support the use of viability on areas where these issues hamper delivery. The viability mechanism already in use will ensure that local areas with higher house prices do not miss out on affordable housing and other community investment where these can be delivered.

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

No, the Council strongly disagrees with any increase in the threshold and believe that this should be based on local viability. However, if this is to be enacted the Council agrees that this should be time limited for any new applications approved after the date that the proposals come into effect. It is difficult to know how long any economic recovery will take following the COVID 19 crisis, but 18 months seems to be too long before any review. The Council would, therefore, call for any raised threshold to be reviewed annually to take into account local levels of recovery.

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

Yes, it is welcomed that the Government has recognised that some developers may use the increase to carve up larger sites to avoid having to deliver any affordable housing contributions. However, for clarity, the Council strongly disagrees with any increase in the threshold.

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

Yes, rural communities should be protected from any increase in threshold that would minimise affordable housing delivery in these areas for the local community, however, the Council believes that the definition of 'designated rural area' and DPA legislation should remain unchanged to protect parishes with populations of 3000 and under.

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

Yes, provide direct incentives to build such as subsidies or tax incentives; apprenticeship programmes; investment in new build technology such as modern methods of construction; support them in leading the carbon neutral agenda; and working more closely with Homes England to deliver fully affordable sites to offset the erosion of affordable housing supply by the various mechanisms outlined within the planning consultation reforms.

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

Yes. It would be beneficial for this route to be open to landowners and developers benefitting from an allocation or seeking certainty on a major development opportunity.

Q25: Should the new Permission in Principle for major development set any limit on the amount of commercial development (providing housing still occupies the majority of the floorspace of the overall scheme)? Please provide any comments in support of your views.

Yes. The current restrictions should be echoed, with the non-housing uses still complementing/facilitating the housing element. However, a set maximum percentage threshold of circa 10% of the overall site area is likely to be necessary given reliance on 'majority' for larger sites could give rise to unsustainable development such as out-of-town shopping centres.

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?

No. Depending on the site concerned, there may be localised matters which need to be considered in principle, such as the inclusion of retail development which might harm a nearby local or district centre. In this example, there needs to be scope for the LPA to seek details such as a Sequential Test.

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

Whilst not necessarily relevant to this authority, it might be appropriate to seek such details as 'indicative' with the submission so that a limit can be set on any Permission in Principle granted.

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? Yes, so to align with the present regime, subject to the White Paper review of whether notices are required.

ii) subject to a general requirement to publicise the application or Yes, although it should be for the local authority to decide whether notice and/or direct notification is appropriate.

iii) both?

iv) disagree

If you disagree, please state your reasons.

No comment.

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

Yes.

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

The amount per hectare needs to reflect the extent of the site concerned and the associated level of interest attracted as a consequence. Publicity requirements and processing costs need to be considered here too. The current fee would, therefore, appear to be appropriate

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

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 Planning Practice Guidance (PPG) presently provides useful advice. Further development of this drawing on case examples would be prudent.

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

The benefits would allow for developers to secure the principle of development on larger sites and commit towards masterplanning and technical study work in the knowledge that the principle of development has been established. The costs would largely be on the local authority, although an appropriate fee structure and clear information requirements (placed on the applicant) would address these concerns.

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

Presently, to a limited extent. This authority has received no Planning in Principle applications since the inception of the regime as it works positively through pre-application discussions to bring forward those sites which are considered appropriate in principle, whilst Plan allocations also offer sufficient security for the development market.

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.