

6 October 2017

DCLG Consultation on ‘Planning for the right homes in the right places’

Purpose

For discussion and direction

Summary

The Department for Communities and Local Government (DCLG) published a consultation ‘Planning for the right homes in the right places’ on 14 September 2017. This sets out proposals to take forward a number of measures set out in the government’s housing white paper to boost housing supply in England. This report provides a summary of the consultation proposals and sets out potential issues for members to consider and discuss. A representative from the Department of Communities and Local Government is scheduled to attend the Board meeting to discuss proposals with Members.

Recommendation

That the EEHT Board discuss the proposals within the consultation and provides a steer on the LGA’s response.

Action

As directed by Members.

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DCLG Consultation on ‘Planning for the right homes in the right places’

Background

1. The DCLG consultation ‘Planning for the right homes in the right places’ includes a number of proposals which seek to take forward specific measures outlined in the housing White Paper published in February 2017.
2. The full consultation [document](#) is available on the Department for Communities and Local Government (DCLG) website. This is accompanied by a housing need consultation data table and a document listing areas where the government intends to prioritise the registration of ownership of all publicly held land.
3. The main proposals of interest to the Board include:
 - 3.1. A standard method for calculating local authorities’ housing need;
 - 3.2. A statement of common ground to assist local authorities in working together to meet housing and other needs across boundaries;
 - 3.3. Making the use of viability assessment simpler, quicker and more transparent; and
 - 3.4. Increased planning application fees in those areas where local planning authorities are delivering the homes their communities need.
4. These proposals are described in more detail below.

Standard method for calculating the local housing need

5. The government first mooted the proposal for a standard approach to assessing local housing need in the Housing White Paper. It argued that such an approach would be simpler, quicker and more transparent and would speed up the time taken to prepare Local Plans.
6. In the LGA’s response¹ to the Housing White Paper consultation we pointed out that standardised assessment models can bring value by reducing uncertainty and increasing data transparency. However, any standardised approach to assessing housing requirements needs to genuinely reflect local conditions, capture the complexities of

¹ [LGA response to Housing White Paper consultation](#) – May 2017

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different housing markets and not set national housing targets on councils and local communities.

7. Our press release² in response to the publication of the consultation stated that “there could be benefits to having a standard approach to assessing the need for housing, but a formula drawn up in Whitehall can never fully understand the complexity and unique needs of local housing markets, which vary significantly from place to place.”

The methodology

8. The proposed standard methodology for calculating local housing need, which does not take into account anticipated employment growth, will consist of three components.
 - 8.1. This will include starting with a demographic baseline based on projections of household growth over a 10 year period.
 - 8.2. The demographic baseline can then be modified to account for house prices using median affordability ratios published by the Office for National Statistics (ONS). The second part of the methodology therefore would include a multiplier for less affordable areas. This means in areas where house prices are more than four times average earning, the multiplier would increase.
 - 8.3. The third component will see the methodology include a cap on the level of any increase. For any local authority which has adopted their local plan in the last five years, the new annual local housing need figure will be capped at 40 per cent above the annual requirement within the local plan.
9. If the local planning authority does not have an up-to-date local plan (i.e. adopted over five years ago) then the government will cap any local housing need at 40 per cent above whichever is higher of the projected household growth for their area over the plan period or the annual housing requirement set out in their local plan. Information on the housing need numbers for each local authority using the proposed methodology is [here](#).
10. It is also proposed to amend national planning policy so that having a robust method for assessing local housing need becomes part of the tests that plans are assessed against.
11. The consultation acknowledges that the final housing figure in a local plan or spatial development strategy may differ from the local housing need figure from the new methodology, after taking account of issues raised during the examination, constraints (for example Green Belt) and the duty to co-operate.

² [LGA responds to Government announcement on housing need](#) – 14 September 2017

12. The consultation also seeks views on whether a local plan should set out the housing need for designated neighbourhood planning areas and parished areas.

Deviation from the proposed methodology

13. The government's expectation is that the proposed method is adopted by local authorities when assessing housing need.
14. Where an alternative method is adopted that results in a lower need than the government methodology this will be tested rigorously through examination of the plan.
15. Where a local authority puts forward proposals that give a local housing need figure higher than that through the proposed approach, Planning Inspectors will be advised to work on an assumption that the approach taken is sound.

Implications of the standardised approach for calculating the five-year supply of housing and the government's proposed Housing Delivery Test

16. The Housing White Paper states that in the absence of an up-to-date local or strategic plan, the new method for calculating the local housing need would apply as a baseline for assessing five year housing land supply from 31 March 2018. This means that those local authorities affected would not be able to factor land constraints into the baseline for establishing their five year land supply. This would also have implications should the government implement the Housing Delivery Test, which would introduce new measures to force local authorities to take action on under-delivery including a potential requirement to identify even more land for housing.
17. The LGA has been clear that house building is complex and risky involving a wide range of partners. Whilst councils are committed to building homes where they are needed they do not have all the planning powers to actually ensure it happens once planning permission has been granted.
18. On that basis, we have recently commissioned two pieces of work to support our ongoing improvement support and lobbying work. The first will capture and present learning from councils finding new ways to incentivise and support the timely build out of high quality development. The second is a research piece looking at unimplemented planning permissions and build out rates of completed developments.

Transitional arrangements

19. The following table is taken directly from the DCLG consultation document

Plan stage	Proposed transitional arrangement
No plan, or plan adopted more than five years ago and has not yet reached publication stage	The new standardised method should be used, unless the plan will be submitted for examination on or before 31 March

	2018, or before the revised Framework is published (whichever is later).
Plan has been published, but not yet submitted	If the plan will be submitted for examination on or before 31 March 2018 or before the revised Framework is published (whichever is later), continue with the current plan preparation – otherwise, use the new standardised method.
Plan is at examination stage	Progress with the examination using the current approach.
Plan adopted in the last five years	Use the new standardised method when next reviewing or updating the plan.

Potential issues for consideration

20. The proposed standardised methodology will likely affect councils in different ways.
21. For some it may mean housing need numbers that are higher than they were planning for. This may create challenges in identifying land supply and therefore greater need for local partnerships.
22. For others it will mean housing need numbers much lower than they were planning for, which may not support local plans for economic growth. Whilst the consultation is clear that councils are free to plan for higher numbers, there is a risk that higher local numbers will be subject to further challenge, and create tensions that could slow down progress of getting new or updated local plans in place.
23. For others the new standardised approach might not raise any concerns if the proposed numbers are not much different from the existing numbers or if it resolves existing challenges in setting numbers locally.
24. Using ONS household creation projections is likely to mean that areas that have built more recently will have higher projections, whereas those that have had few homes built will have low numbers. There is a risk that this does not accurately reflect the actual need/demand for houses on the ground in those areas.
25. Transitional arrangements are important to ensure that progress in getting up-to-date local plans in place is not delayed.

Statement of common ground and the duty to cooperate

26. The Housing White Paper set out a plan for more effective joint working where planning issues cut across local authority boundaries, through a statement of common ground and the consultation fleshes this proposal out in more detail.
27. It is proposed that all local planning authorities should produce a statement of common ground setting out cross-boundary matters, including the housing need for the area, distribution and proposals for meeting any shortfalls and record where agreement has, and has not been reached. This will provide evidence as to how a local planning authority has met the duty to co-operate with a view to enabling examination of local plans to progress more quickly.
28. The LGA has previously suggested that where strategic planning across boundaries breaks down, that sector led support to help unblock barriers should always be the default first response.
29. The LGA has also called for consideration to be given to further good practice guidance of how councils can demonstrate the efforts it has made to cooperate and any outcomes achieved.
30. The consultation also seeks views on the most effective way of introducing the statement of common ground in areas with Mayors with strategic plan-making powers (to whom the duty to cooperate does not currently apply).
31. It is proposed that all local planning authorities (regardless of where they are in the plan-making cycle) should have a statement of common ground in place within twelve months following publication of the revised NPPF and an outline statement in place within six months.
32. Alongside the duty to co-operate, the Planning Inspectorate also currently assesses whether a local plan is 'sound' at examination based on 'tests of soundness' outlined in national policy. The consultation proposes amending these tests to encourage local planning authorities to plan for the wider housing need, including unmet need and ensure the statement of common ground is produced.

Potential issues for consideration

33. Whilst measures supporting wider strategic planning are encouraging, it is important that the proposal for the Statement of Common Ground add value, that they are proportionate, and that they fit within the wider planning system. It will also be important for councils to have sufficient time to prepare and implement.

34. A sector-led approach which seeks to unblock barriers to strategic planning could provide a more proportionate approach than universal application of the proposed statement of common ground.

Viability assessments

35. The LGA has called for local and national government to work together to establish a clear, robust and transparent viability procedure to help manage down the escalation of land values and ensure the delivery of affordable housing and infrastructure that communities need to support development.
36. The consultation proposes a number of changes with a view to improving certainty and transparency in the assessment of viability for plan-making and decision-taking, through amendments to policy and guidance.
37. This includes seeking views on how national guidance could be updated to encourage viability assessments to be simpler, quicker and more transparent, for example through a standardised report.
38. The consultation also proposes a requirement that local plans should identify the infrastructure and affordable housing needed, how these will be funded and the contribution developers will be expected to make.
39. In addition it proposes to make clear in the NPPF that where policy requirements have been tested for their viability, that the issue should not usually need to be tested again at the planning application stage.
40. Finally the consultation proposes to amend national planning policy so that local planning authorities (and elected Mayors) should set out in their plans how they will monitor, report on and publicise funding secured through section 106 agreements, and how it is spent, following an open data approach

Potential issues for consideration

41. Councils have repeatedly raised concerns that the plan-led system is being undermined by the use of viability arguments from developers to avoid the need to meet local plan policy requirements including affordable housing and infrastructure contributions.
42. There is evidence to suggest that the use of viability arguments by developers to negotiate down contributions has become a default position rather than a tool to be used in exceptional circumstances.
43. Making viability assessments public would improve transparency and help to improve public attitudes to developments.

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Planning application fees

44. The LGA has repeatedly called for locally-set planning fees to enable local planning authorities to recover the full cost of processing planning application fees.
45. Our recent press release³ pointed out that taxpayers will subsidise planning applications costs by £1 billion over the next five years because nationally set planning fees do not cover the costs of processing planning applications.
46. We called on the government to urgently bring forward the Housing White Paper commitment to allow councils to increase planning fees, as well as commit to testing a fair and transparent scheme of local fee setting.
47. The consultation confirms that it will bring forward regulations at the earliest opportunity to enable local authorities to increase planning application fees by 20 per cent, to honour the commitment in the Housing White Paper.
48. The consultation also seeks views on additional criteria that local authorities could be required to meet to allow them to increase fees by a further 20 per cent.
49. The housing White Paper suggested that this could be applied to those authorities who are delivering the homes their communities need.

Potential issues for consideration

50. The lack of resources of planning departments continues to be a concern raised regularly by both councils and developers.
51. Councils need to be able to recover the actual cost of processing applications so they can maintain high-quality planning decisions, and improve the ability of councils to speed up the planning application process.
52. Any increase in fees should be applied universally, not according to a set of national performance indicators.

Implications for Wales

53. None – the consultation relates to planning in England only.

³ [LGA press release: planning application fees – August 2017](#)

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Financial Implications

54. None.

Next steps

55. Members are asked to consider and discuss the key proposals within the consultation and provide a steer on the LGA's response