

Government Housing and Planning announcements

Purpose

For decision.

Summary

This report provides an update on the government's proposals on housing and planning announced on 6 September 2012 and the LGA's initial response. It also gives further information on the process and timescale for implementation of the proposals and proposed next steps for the LGA.

Recommendation

That the Board discusses the proposals and agrees the LGA key messages in response, together with proposed next steps to influence implementation of the proposals.

Action

Officers to develop a programme of work to influence further development and implementation of the proposals in line with Members' views.

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Government Housing and Planning announcements

1. The Government announced a package of measures on housing and planning on 6 September. A number of the announcements could have significant implications for councils' ability to support growth through their housing and planning roles and will involve a substantial increase in the powers of the Planning Inspectorate to take decisions about local development. A full LGA briefing setting out the measures and the LGA's initial response is included at **Annex A**.

LGA response to the announcements

2. The LGA believes the evidence is indisputable that, for now at least, planning reform is largely irrelevant to a housing market stalled by blockages to mortgages and development finance.
3. In anticipation of the announcement, the LGA published independent research which demonstrated that there are 400,000 unimplemented planning permissions for new homes in the system and that councils have a strong record of promoting growth through their planning roles: hitting a ten year high of approving 87 % of all planning proposals and processing 93% of applications within three weeks. This provided a good platform for the LGA to respond to the announcements.
4. Our response received high profile media coverage on the day of the announcement and in the days following. This has provided a good position for the Board to lead the debate in the follow up to the announcements and to influence the further design and implementation of the proposals.
5. There is now an immediate window of opportunity to influence forthcoming legislation and consultation on the measures and further policy consideration in the lead up to the Autumn Statement.

Opportunities to influence

6. A number of the proposals will require primary legislation. This is expected to involve two new Bills:
 - 6.1 The Infrastructure (Financial Assistance) Bill which was published alongside the announcements and scheduled for its Second Reading on 17th September will implement the £10 billion housing guarantee scheme.
 - 6.2 A further Bill expected to be published in mid- October will legislate for the required powers for the Secretary of State to allow the Planning Inspectorate to take decisions about local development and review locally agreed affordable housing contributions.
7. Other proposals including the extension of permitted development rights will require consultation but are expected to progress more quickly through secondary legislation.

Summary of measures announced, process for implementation and issues for consideration.

8. **£200 million investment to encourage institutional investment in the private rented sector.**
9. It is not yet clear who will be eligible for this funding, or what the timescales and process for the investment will be, however, it will be important that councils are involved at an early stage in discussions which affect institutional investment at it in housing in their area and how it will relate to existing strategies on private rented sector housing.
10. **A government guarantee scheme worth up to £10billion which will enable developers to raise debt with a government guarantee where they commit to investing in additional new-build rented homes.**
11. This measure will be implemented via the Infrastructure (Financial Assistance) Bill. The guarantee is subject to EU state aid clearance. Councils are not eligible to apply under the scheme. Officers are seeking clarification from DCLG on additional powers required to implement this measure and the timetable for the bidding process.
12. **£300 million to provide an additional 15,000 affordable homes and an extension of the refurbishment programme to bring additional 5,000 existing empty homes back into use.**
13. It is expected that this funding will be channelled through the Homes and Communities Agency's Affordable Homes Programme and distributed through a competitive bid based process based on value for money delivered. As in previous HCA bidding rounds, councils may find themselves at a disadvantage as a result of the current accounting rules which mean local authority borrowing is classified against government debt – thereby scoring lower on value for money grounds.
14. These announcements highlight the importance of LGA arguments for relaxation of financial constraints on council borrowing to allow them to lever in resources to scale up house-building plans.
15. **Developers will be able to ask the planning inspectorate to review sites which they consider are unviable due to Section 106 affordable housing requirements. The planning inspectorate would have the power to remove affordable housing requirements from the existing agreement and set it aside for 3 years in favour of a new agreement.**
16. This will require primary legislation and this is expected to be included in the Bill to be published in October. The proposal could delay or undermine the delivery of much needed affordable housing and would effectively mean decisions about the local contribution to affordable housing would be made centrally. The LGA has argued that the measure will not address core issues stalling development and could lead to further delays whilst legislation and policy are developed and implemented and reassessments of viability take place.

17. Applications to be decided by the planning inspectorate in cases of poor performance in the speed or quality of council decision-making.

17.1 This will require primary legislation and is expected to be included in the Bill to be published in October. The measure would effectively remove decision making from elected representatives and place it in the hands of a government agency in circumstances where a council were deemed to be performing poorly. It also suggests a return to centralised performance targets and monitoring. The government has yet to develop metrics that would be used to define underperformance.

18. There will be a review of local and national standards.

18.1 The review will commence immediately and is expected to produce proposals for consultation by the end of the year, to be followed by a consultation and implementation of the new standards framework by April 2012. There is a real risk that the review could remove councils' flexibility to apply housing standards that are appropriate locally, in favour of a single set of nationally imposed standards. The LGA has already met Sir John Harman, Chairman of the review group and will be attending a meeting of the review steering group in advance of the Board meeting. A further update will be provided at the Board meeting.

19. Changes to permitted development including relaxing permitted development rights for extensions to homes and business premises in non protected areas for three years and allowing change of use from commercial to residential purposes.

19.1 A consultation on these measures is expected imminently with short timescales for response. Officers are seeking further clarification on timescales. The measure will considerably weaken councils' ability to influence small scale development to protect the character and amenity of local areas for the benefit of local communities. It also has the potential to cause significant difficulties within communities.

Objectives and next steps

20. Subject to the Board's discussion under item 1 of this agenda, the Board's agreed objectives in relation to these announcements are to:

20.1 Forcefully challenge government proposals to undermine local authorities' role in decision making over development, including extension of permitted development rights and to secure concessions in forthcoming legislation to protect that role;

20.2 Make the case to safeguard councils' ability to negotiate contributions to affordable housing and infrastructure required to support new housing development and oppose expansion of the Planning Inspectorate powers to re-examine affordable housing requirements on a site by site basis;

- 20.3 Seek to ensure that the review of Local Housing Standards does not result in national standards which constrain councils' ability to use locally appropriate standards and ensure quality of new homes.
21. Members are invited to comment on the key issues set out above. Subject to those comments, officers will develop a work programme and evidence to support key LGA positions and will identify key opportunities to influence the debate. In particular, we suggest that we should lobby in Parliament for amendments to the proposed Planning Bill.

Financial Implications

22. This activity can be delivered within existing budgets.