

<p>Title of Report</p>	<p>MINISTRY OF HOUSING, COMMUNITIES AND LOCAL GOVERNMENT CHANGES TO THE CURRENT PLANNING SYSTEM: CONSULTATION ON CHANGES TO PLANNING POLICY AND REGULATIONS</p>	
<p>Presented by</p>	<p>Ian Nelson Planning Policy Team Manager</p>	
<p>Background Papers</p>	<p>National Planning Policy Framework</p> <p>Planning for the Future</p> <p>North West Leicestershire Local Plan</p> <p>Consultation on the design and delivery of First Homes</p>	<p>Public Report: Yes</p> <p>Key Decision: Yes</p>
<p>Financial Implications</p>	<p>Changes to the standard method for assessing local housing need are likely to affect the future Council Tax base, planning application fee income, developer contributions and the costs associated with reviewing the North West Leicestershire Local Plan to accommodate housing growth.</p> <p>Raising the small sites threshold would lead to a reduction in affordable housing provision and a reduction in developer contributions to affordable housing. The introduction of a First Homes policy would have similar effects.</p> <p>The extension of the Permission in Principle consent regime has the potential to affect planning application fee income.</p> <p>These impacts are difficult to quantify at this stage.</p> <p>Signed off by the Section 151 Officer: Yes</p>	
<p>Legal Implications</p>	<p>Raising the small sites threshold may require the renegotiation of S106 Agreements.</p> <p>Signed off by the Monitoring Officer: Yes</p>	
<p>Staffing and Corporate Implications</p>	<p>Changes to the standard method result in a significantly increased housing requirement. This may impact upon the the staff resources required to support the review of the North West Leicestershire Local Plan.</p> <p>Housing growth proposals will result in a greater number of planning applications with implications for Development Management staffing resources.</p> <p>The introduction of a First Homes policy will require administering by the Council which will have an impact upon staff resources.</p>	

	<p>Raising the small sites threshold may require the renegotiation of S106 Agreements which would impact upon staff resources.</p> <p>The extension of the Permission in Principle (“PiP”) consent regime places an extra burden on authorities to make decisions within a 5-week determination period and a 14-day period for consultation with the public and statutory consultees. Further, PiP introduces additional processing, staff and member training costs and time by adding to the complexity of the planning regime.</p>
	Signed off by the Deputy Head of Paid Service: Yes
Purpose of Report	To consider the Government’s proposed changes to planning policy and regulations.as set out in the consultation document “Changes to the current planning system”.
Recommendations	THAT CABINET BE ADVISED THAT THIS COMMITTEE RECOMMENDS THAT CABINET RESPONDS TO THE CONSULTATION IN RESPECT OF CHANGES TO THE CURRENT PLANNING SYSTEM AS SET OUT IN APPENDICES 1-4 OF THE REPORT.

1. BACKGROUND

- 1.1 The Ministry of Housing, Communities and Local Government is seeking views on changes to planning policy and regulations. The consultation document can be viewed [here](#). This consultation closes at 11:45pm on 1 October 2020.
- 1.2 The consultation sets out proposals for measures to improve the effectiveness of the current planning system. The four main proposals are:
- changes to the standard method for assessing local housing need;
 - securing of First Homes through developer contributions in the short term until the transition to a new system;
 - supporting small and medium-sized builders by temporarily lifting the small sites threshold below which developers do not need to contribute to affordable housing; and
 - extending the current Permission in Principle to major development.
- 1.3 The Ministry of Housing, Communities and Local Government is also separately seeking views on ‘Planning for the Future’ which sets out plans to undertake a fundamental reform of the planning system. Consultation on proposals for reform of the planning system in England will be reported to future meetings of both Cabinet and Local Plan Committee as there is a longer consultation period- to 29 October 2020. The consultation on changes to planning policy and regulations outlined in this report sets out proposals for measures to improve the effectiveness of the current system and would be implemented in the short term.
- 1.4 The consultation sets out a number of questions. These and the suggested responses are set out in Appendices 1 to 4 of this report. The questions are focussed on specific matters. It is disappointing that there is not a specific question whereby the Council is invited to comment on the overall outcome from the proposed changes to the standard method.

2. CHANGES TO THE STANDARD METHOD FOR ASSESSING LOCAL HOUSING NEED

What is the standard method?

- 2.1 The standard method was introduced by government to make the process of identifying the level of need in an area simple, quick and transparent. It was intended that it would avoid unnecessary debate at Examinations which took both time and money.

2.2 In accordance with the National Planning Policy Framework (NPPF) “ *to determine the minimum number of homes needed, strategic policies [in local plans] should be informed by a local housing need assessment, conducted using the standard method [unless exceptional circumstances justify an alternative approach]*”.

2.3 The current standard method involves 3 steps:

Step 1 - Setting the baseline using household projections

Step 2 - An adjustment to take account of affordability using an authority’s median workplace-based affordability ratio

Step 3 - Capping the level of any increase to that in an adopted Local Plan (if less than 5-years old) or at 40% above the annual requirement where the Local Plan is more than 5-years old

2.4 At the present time the baseline is provided by the 2014-based household projections. Although 2016-based household projections are also available, the government has stipulated that the older 2014-based projections should be used as nationally they project a bigger increase in the number of households and so are more “*consistent with the Government’s objective of significantly boosting the supply of homes* “ (Planning Practice Guidance - Housing and economic needs assessment, paragraph 005).

Why are changes required?

2.5 The consultation document notes that the 2014-based projections “*have attracted criticism for their volatility and the way in which they can result in artificially low projections in some places, where overcrowding and concealed households suppress the numbers. Crucially, they cannot in isolation forecast housing need – they project past trends forward*”.

2.6 The proposed changes are, according to the consultation document, designed to:

- Ensure it is more agile in using up-to-date data.
- Achieve a better distribution of homes where homes are identified in more high-demand areas and in emerging demand areas across the country (such as the Northern Powerhouse).
- Provide stability to the method by smoothing out areas of potential volatility so that the basis on which local authorities are expected to plan for is more predictable.
- Be consistent with the Government’s ambition for a housing market that supports 300,000 homes by creating a method with a suitable overall national number that enables achievement of this aim.

2.7 It should be noted that the government’s stated target of 300,000 new homes is a policy target which has not changed for a number of years irrespective of forecasts which have tended to be decreasing since 2014.

What is proposed?

2.8 The proposed revised method has only two steps but some additions:

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

- Baseline 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.

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

- The current affordability ratio is calculated as per the existing method (i.e. for each 1% the ratio is above 4, the baseline is increased by a quarter of a percent).

However, where affordability has improved the method now allows for a downward adjustment.

- The change in affordability over the last 10 years is calculated by multiplying the difference by a factor of 0.25.
- 2.9 The latest household projections are 2018-based. These set out five alternative projections and the consultation confirms that the Principal Projection is to be used.
- 2.10 The previous Step 3 which set a cap is proposed to be removed. The consultation document states "*The Government is clear that in order to significantly boost the supply of homes and address the past under-supply as quickly as possible, a step change is needed. Capping the level of need is not compatible with this aim.*"
- 2.11 Nationally the new standard method results in a housing need of 337,000 on the basis of currently available data. This is more than the government's stated ambition of 300,000 new homes. This would, the consultation document states, account for the fact that "*not all homes that are planned for are built*".
- 2.12 The 'Planning for the Future' consultation highlights that the government are considering further changes to the standard method in order to factor in constraints on development. Therefore, if the current proposals are agreed, and hence the requirement figure becomes 'fixed', it is possible that it might change again.

What is the outcome for North West Leicestershire?

- 2.13 Under step 1 North West Leicestershire would be required to use the baseline from the household projections as these (761) are much higher than 0.5% of the housing stock (228).
- 2.14 Using the revised method the local housing need for North West Leicestershire is 1,153 dwellings per annum. The total requirement for the plan period (2020-39) would be 23,060 dwellings.
- 2.15 This compares to the figure using the current standard method (with 2014-household projections) of 379 dwellings each year and 481 dwellings in the adopted Local Plan. The increase compared to the adopted Local Plan is 140%.
- 2.16 The housing requirement in the adopted Local Plan is 481 dwellings each year. The total number of new dwellings built since 2011 (5,466 dwellings) is 26% above the requirements and is an average of 607 dwellings every year. The requirement of 1,153 dwellings would represent an increase of 90% compared to build rates to date.

What might this mean for North West Leicestershire?

- 2.17 A significant amount of development is already committed. It is estimated that this would result in about 8,800 dwellings by 2039. This would still leave a need to allocate land for about **14,300** dwellings.
- 2.18 The Council has a Strategic Housing and Economic Land Availability Assessment (SHELAA) which, in accordance with government policy, identifies a future supply of land which is suitable, available and achievable for housing and economic development uses over the plan period.
- 2.19 On the basis of the above, the majority of the sites in the SHELAA would be required.
- 2.20 This could mean significant growth in many settlements in North West Leicestershire. The table below highlights the potential scale of growth that could be required in some settlements. The total number of dwellings in these settlements exceeds the residual requirement and it is only intended as an illustration. It is also likely that not all of the sites would come forward for development, for example because the landowner decides to not pursue or because of some form of constraint.

Settlement	Potential additional dwellings 2020-39	Increase in dwellings compared to 2020
Appleby Magna	1,100	200%
Ashby de la Zouch	4,000	62%
Breedon on the Hill	200	53%
Castle Donington	2,500	76%
Coalville Urban Area	7,000	43%
Donisthorpe	390	47%
Heather	350	75%
Ibstock	1,600	52%
Kegworth	500	28%
Measham	540	22%
Oakthorpe	360	115%
Ravenstone	1,200	132%

- 2.21 It could also lead to at least one new settlement.
- 2.22 Included in the figures above are sites which the Council has sought to resist for a number of years, including those won at appeal where government Inspector's backed the Council and the local community. For example, land south of Ashby de la Zouch (Packington Nook) and also Stephenson Green in Coalville (i.e. the Green Wedge).
- 2.23 The impact of such a scale of growth on individual communities would be significant and it would put pressure upon a range of infrastructure including roads, drainage, education and health.
- 2.24 As part of the Local Plan review it will be necessary to consider whether all of the growth can be accommodated and delivered. Officers have begun work to address this.
- 2.25 The revised standard method now includes two different measures for affordability. This has the effect of increasing the requirement by 52% from the baseline figure of 761 to 1,153 dwellings. Whilst recognising that affordability is an issue, it is considered that the proposed changes give too much emphasis to affordability.
- 2.26 It is important to not restrict supply, but equally over estimating future needs can result in additional problems. Ultimately the market will only deliver what there is a demand for and for which there is sufficient return against investment by a developer. As noted above, the build rate required would be 90% above that achieved since 2011. It is very questionable as to whether such a rate could be achieved and sustained over such a long period. If it was not possible to achieve and maintain, this would create problems in terms of maintaining a 5-year supply of housing land which in turn would leave the Council vulnerable at appeal and to adhoc applications elsewhere.

Transition arrangements

- 2.27 Members will be aware that for some time there has been considerable uncertainty regarding the level of housing growth which needs to be planned for as part of the substantive Local Plan review. Leaving aside the merits or otherwise of the proposed changes to the standard method, they do provide a degree of certainty moving forward. The substantive review is still at relatively early stages of preparation.
- 2.28 The Government recognises that any change in the standard method will have an impact for plans that are currently under development, as authorities expend considerable resources in developing new plans. Therefore, a transition process is proposed. In view of the relatively early stage of the substantive review, the proposed arrangements do not have any implications for the review.

2.29 The consultation sets out a series of questions under three headings:

- Setting the baseline – providing stability and certainty by incorporating a blend of household projections and stock (Questions 1-2)
- Adjusting for market signals – maintaining price signals using the current affordability ratio and the change in affordability over the last 10 years (Questions 3-5)
- Transition (Questions 6-7)

2.30 The questions and the suggested response (in bold) are set out in Appendix 1. Further information and comments to explain and expand upon the responses are provided where appropriate.

2.31 Following the outcome of this consultation, the Government will update the planning practice guidance with the revised standard method for assessing local housing need.

3. DELIVERING FIRST HOMES

3.1 The Government consulted on its proposed First Homes proposals in February 2020. This included consultation around both the design of the First Homes scheme and changes to the planning system to support its delivery.

3.2 The consultation was originally intended to be considered by Cabinet at its meeting on 31 March 2020. Due to the Covid-19 pandemic, the meeting was cancelled and the Council's response was agreed with the Portfolio Holder for Planning and Regeneration.

3.3 First Homes are properties to be made available in perpetuity at a discount and aimed primarily at first time buyers.

3.4 The Government has published a response to this consultation and is now seeking views on the detail of the proposed changes to the current planning system.

3.5 First Homes will give people the opportunity to buy a discounted home with lower deposit and mortgage requirements. The Government intends to set out in policy that a minimum of 25 per cent of all affordable housing units secured through developer contributions should be First Homes. In most cases it expects this policy to be delivered onsite.

3.6 The consultation seeks to ensure that a policy compliant planning application should deliver the same value of affordable housing as an existing Local Plan policy. To do this the consultation sets out two options:

- Option 1 – where the First Home requirement would replace any other home ownership products (e.g. shared ownership) specified in a Local Plan policy which secure a smaller amount of discount; or
- Option 2 – the remaining 75% of affordable housing required would be subject to negotiation between the local authority and the developer.

3.7 The government's preference is Option1, as it would provide more clarity and less delay.

3.8 The consultation seeks views in respect of the possible exemptions to the First Homes policy.

3.9 The consultation sets out transitional arrangements for those local plans and neighbourhood plans that are being prepared. This would allow for such plans that are submitted for Examination within 6 months of this new policy being enacted to not need to reflect the First Homes policy requirements. This is not likely to apply to the Council's current Local Plan substantive review, unless the implementation of the policy is delayed for a period of time.

3.10 Transitional arrangements are also proposed in respect of planning applications where, significant work has already been undertaken to progress a planning application. It is

proposed that in such circumstances 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.

- 3.11 In terms of the level of discount to be applied, the consultation suggests that this should be at least 30%, but that a higher rate of 40% or 50% could be applied as part of the local plan process where evidence would justify such a level. The valuation is to be set by an independent valuation, although it is not clear as to who should appoint the valuer.

Exception sites

- 3.12 The government is suggesting changes to the entry-level exception sites policy included in the National Planning Policy Framework (2018) to use it as a direct delivery vehicle for First Homes. This includes specifying that any affordable dwellings should be First Homes for local first time buyers (rather than affordable housing in the widest sense) and allowing a small proportion of other affordable homes, where there is a significant level of local need and market homes on a site, were essential to ensure the development will be viable.
- 3.13 It is proposed to remove the current size threshold set out in the National Planning Policy Framework (to be no larger than 1ha or 5% of the size of the existing settlement) but that sites should be proportionate in size to the existing settlement.
- 3.14 This Council objected to the proposal in respect of exception sites as part of the previous consultation. However, they are largely unchanged from the previous consultation. The previously expressed concerns that the First Homes exception policy would undermine the provision of other forms of affordable housing, therefore, remains.
- 3.15 The consultation sets out a series of questions under four headings:
- Percentage of affordable housing secured through developer contributions (Questions 8-11)
 - Local plans and transitional arrangements (Question 12)
 - Level of discount (Question 13)
 - Exception sites and rural exception sites (questions 14-16)
- 3.16 The questions and the suggested response (in bold) are set out in Appendix 2. Further information and comments to explain and expand upon the responses are provided where appropriate.
- 3.17 The Government intends to begin by making planning policy changes, to ensure that clear expectations are set. However, to ensure that First Homes are delivered, the option to strengthen the policy through primary legislation at a future date is under consideration.

4. SUPPORTING SMALL AND MEDIUM-SIZED DEVELOPERS

- 4.1 Small and medium-sized builders (SMEs) make an important contribution to housing supply. SMEs build the majority of smaller sites. SMEs play a significant role in local areas – providing people with 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.
- 4.2 SME builders have been declining in 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
- 4.3 To support SMEs in the medium term during economic recovery from Covid-19, the Government is proposing measures to reduce the burden of contributions on SMEs for more sites for a time-limited period.

- 4.4 National policy is clear that affordable housing contributions should not be sought for developments of fewer than 10 units (small sites). To stimulate economic recovery with a particular focus on SMEs, the Government is seeking views on raising the threshold for affordable housing contributions to either 40 or 50 new homes. The government recognises that this would have an impact upon the delivery of affordable housing and therefore the consultation suggests that this would be for an initial period of 18-months to enable monitoring of its effects. The government is also seeking views on other ways SME builders can be supported.
- 4.5 The consultation does not define what is meant by an SME builder. Changes introduced to the Community Infrastructure Levy as a result of the impact of Covid-19 identified SME as being those with a turnover of up to £45m. It would help if clarity was provided as to what constitutes a SME builder.
- 4.6 The questions and the suggested response (in bold) are set out in Appendix 3. Further information and comments to explain and expand upon the responses are provided where appropriate.
- 4.7 Following the consultation, a decision will be taken on whether to proceed with this approach. If it is taken forward, this could be through the introduction of a Written Ministerial Statement in the autumn.

5. EXTENSION OF THE PERMISSION IN PRINCIPLE CONSENT REGIME

- 5.1 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. This was done by giving authorities the power to grant Permission in Principle to suitable sites allocated on registers of brownfield land. Subsequently, Permission in Principle by application was introduced in 2018, for minor development (i.e. small sites that support fewer than 10 dwellings).
- 5.2 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.
- 5.3 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
- 5.4 A grant of Permission in Principle plus a grant of technical details consent together equates to full planning permission.
- 5.5 The Government proposes to allow for major developments to also be able to use the Permission in Principle route. This would enable a far wider range of sites, enabling more landowners and developers to use this route to secure permission for housing development. It is suggested in the consultation that this would particularly benefit SME builders.
- 5.6 Permission in Principle by application allows for other uses such as retail, offices, or community spaces. However, housing must occupy the majority of the overall scheme. 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.

- 5.7 The information requirements for a Permission in Principle application are less than those for a normal planning application. It is proposed that this would be the case for an extended Permission in Principle scheme. However, it is proposed that the publicity requirements should be extended for major developments compared to those currently in place for minor developments. The current fee for Permission in Principle by application for minor development is £402 per 0.1 hectare (capped at a maximum of 1 hectare). The consultation suggests that the cost is not that dissimilar to an outline planning application. In order to promote the Permission in Principle route it is proposed to introduce a simplified fee structure.
- 5.8 The consultation sets out a series of questions under seven headings:
- Extending Permission in Principle to cover major development (Questions 24-25)
 - Information requirements (Question 26-27)
 - Publicity arrangements (Question 28)
 - Revised fee structure to incentive Permission in Principle by application (questions 29-30)
 - Brownfield Land Registers and Permission in Principle (Question 31)
 - Additional guidance to support implementation (Question 32)
 - Regulatory Impact Assessment (Questions 33-34)
- 5.9 The questions and the suggested response (in bold) are set out in Appendix 4. Further information and comments to explain and expand upon the responses are provided where appropriate.
- 5.10 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.

6 PUBLIC SECTOR EQUALITY DUTY

- 6.1 In light of the proposals set out in this consultation, the Government is inviting comments on whether there are any 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.
- 6.2 The Government's proposals to raise the threshold for affordable housing contributions to either 40 or 50 new homes will reduce the availability of affordable housing. It is considered that there would be a disproportionate impact on older people, people with disabilities, single parents (around 90 per cent of single parents are women) and low-income households more generally, who are more likely to access affordable homes. Proposals for First Homes are likely to reduce the proportion of rented accommodation provided as affordable properties with similar disproportionate impacts on protected groups. The proposals for First Homes are likely to provide family homes and higher proportions of flatted accommodation and may not provide specialist accommodation required for people with disabilities. The housing needs of elderly households looking to downsize may not be provided for due to the "first" homes categorisation.
- 6.3 To successfully address these impacts the Government could address housing unaffordability for the lowest income groups through, for example, the construction of more social homes, council housing stimulus and reforming Right to Buy.

Policies and other considerations, as appropriate	
Council Priorities:	<p><u>Local people live in high quality, affordable homes</u> First Homes would contribute towards meeting the Council's priority to increase the number of affordable homes in the district, although as noted in the report this may be at the expense of other types of affordable housing. Raising the small sites threshold would lead to a significant reduction in affordable housing provision with rural areas disproportionately affected. In the last 5 years 20% of all affordable housing provision has been delivered on sites of 50 or less units.</p> <p><u>Supporting businesses and helping people into local jobs</u> The proposals support SME housebuilders in the medium term during economic recovery from Covid-19.</p>
Policy Considerations:	The introduction of the First Homes policy as set out in the consultation may require amendments as part of the current review of the Local Plan.
Safeguarding:	None identified at this time.
Equalities/Diversity:	See section 6 above.
Customer Impact:	None identified at this time.
Economic and Social Impact:	As set out in Council Priorities above.
Environment and Climate Change:	None identified at this time.
Consultation/Community Engagement:	By limiting the consultation period and reducing technical detail, local people will find it more difficult to engage in major applications that use the Permission in Principle consent regime.
Risks:	<p>The proposed changes to the current planning system could have an impact financially upon the Council, for example a reduction in income if there are more Permission in Principle applications. It will also require new administrative procedures in view of the different timescales for determining Permission in Principle schemes than other planning applications.</p> <p>The proposals are likely to lead to a significant reduction in affordable housing provision with rural areas disproportionately affected.</p> <p>The proposed changes to the standard method results is a significant increase in the amount of housing that will need to be provided for. Such a scale of development will impact upon local communities and infrastructure. This could also impact upon the timetable for the review. There is a possibility that the Council would have to declare an unmet need.</p>
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APPENDIX 1: CHANGES TO THE STANDARD METHOD FOR ASSESSING LOCAL HOUSING NEED

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

Using an either/or approach has merit to it as it means that all areas, as a minimum, are contributing a share of the national total, proportionate to the size of their current housing stock. It will mean that some areas which have a low need using the current method restricted to household projections see a bigger requirement, although it is likely that most authorities will have its baseline derived from the household projections and so this change would have limited impact in most authorities.

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.

No

The figure of 0.5% appear to be somewhat arbitrary. The consultation document notes that in 2018-19 the number of new homes added to the stock equated to 1%. This would appear to be more justifiable than the 0.5% figure (although it would not make any difference to the outcome for NWL).

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

This is consistent with the current standard method and the workplace-based median house price to median earnings ratio is recognised as a measure of affordability (see response to question 5).

Q4: Do you agree that incorporating an adjustment for the change of affordability over 10 years is a positive way to look at whether affordability has improved? If not, please explain why.

Yes

If affordability is to be included as part of the standard method then looking at how it has changed through time would seem reasonable (see response to question 5).

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

No

The Council recognises that affordability is an issue. However, it needs to be recognised that a key feature of the housing market in recent years has been the increase in the number of people looking to buy dwellings as an investment with a view to them renting out the properties. This has the effect of increasing competition and inflating both demand and hence prices. Those who cannot afford to buy, for example because they cannot get a sufficient mortgage and/or a deposit, are then forced into the rented sector or to stay in their existing accommodation. However, the demand from investors is not a true demand; these are not people in need of a home which should be the key aim of any policy to address affordability.

By including two different measures for affordability further exacerbates the problem and places too much weight on affordability. It results in an inflation in the need figure (in the case of North West Leicestershire by 52%) but without any basis or connection to actual need as a result of affordability. The effect of this is to increase the requirement for North West Leicestershire from 761 dwellings using the 2018-based household forecasts up to 1,153 dwellings. This level of increase is considered to be unacceptable, particularly when coupled with using the Principal Projection from the household forecast which only builds in two years data for internal migration which is not robust statistically. From a North West Leicestershire perspective this has coincided with a significant increase in build rate across the district well above that required in the adopted Local Plan. Therefore, the projection is a self-fulfilling prophecy; the more that has been built recently means more is required in the future.

It is considered that if affordability is to be included as part of the standard method it would seem more appropriate to just use the difference over the 10-year period. In time if affordability improves this would have the effect of reducing needs and so there would be a clear link between future needs and affordability and so in effect is 'reward' for reducing affordability issues.

Q6: 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:

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?

In view of the relatively early stage of the Council's Local Plan review, the proposed arrangements do not have any implications for the review so no comments.

Q7: Authorities close to publishing their second stage consultation (Regulation 19), which should be given 3 months from the publication date of the revised guidance to publish their Regulation 19 plan, and a further 6 months to submit their plan to the Planning Inspectorate?

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

In view of the relatively early stage of the Council's Local Plan review, the proposed arrangements do not have any implications for the review so no comments.

APPENDIX 2: DELIVERING FIRST HOMES

Q8: The Government is proposing policy compliant planning applications will deliver a minimum of 25% of onsite affordable housing as First Homes, and a minimum of 25% of offsite contributions towards First Homes where appropriate. Which do you think is the most appropriate option for the remaining 75% of affordable housing secured through developer contributions? Please provide reasons and / or evidence for your views (if possible):

- i) Prioritising the replacement of affordable home ownership tenures, and delivering rental tenures in the ratio set out in the local plan policy.
- ii) Negotiation between a local authority and developer.
- iii) Other (please specify)

Option ii for now

The North West Leicestershire Local Plan does not specify affordable housing mix and tenure, though the findings of the Leicester and Leicestershire Housing and Economic Development Needs Assessment (HEDNA) does provide baseline figures in respect of the mix and tenure needed in the district and these provide the basis for subsequent negotiations. In reality provision is already subject to negotiation between the local authority and developer (option ii). For those authorities with Local Plans that do specify a tenure split, option ii provides an opportunity to rebalance affordable tenures (social rent, affordable ownership and intermediate rent) to take account of the loss to First Homes or to address other local priorities for affordable housing.

A requirement of 25% is not supported by local evidence. Our HEDNA identifies a need for low cost home ownership of 21%.

Option iii) - In the longer term the issue of how the remaining 75% of affordable housing is apportioned should be addressed through the review of local plan policies.

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?

Yes.

Currently, some sites or proposed developments are exempt from requirements to deliver affordable home ownership products. They include Build to Rent Homes, specialist accommodation (e.g. purpose-built accommodation for the elderly) and rural exception affordable housing. It is logical for these exemptions to also apply to the First Homes requirement.

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

No.

The existing exemptions are appropriate.

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

Yes.

It is suggested that wholly affordable schemes are also exempt as these sites would be able to provide a proportion of Shared Ownership properties which, as they offer lower percentages to purchase, would help to enable lower income households a foot onto the property ladder which would help to assist more residents into home ownership.

The provision of Shared Ownership properties will be reduced due to a requirement for 25% First Homes delivery. As 25% is higher than the HEDNA requirement of 21% low cost home ownership, the remaining 75% affordable housing will need to be provided as rented accommodation to meet our highest levels of need. By providing RP's with an opportunity

to deliver shared ownership homes on wholly affordable sites, they will be offering a different route to home ownership for a wider group of households including older downsizers, disabled applicants who require specialised accommodation, or key workers who aren't first time buyers

Wholly affordable schemes providing specialist accommodation for the elderly and/or disabled people should also be exempt eg extra care, accommodation for learning disabilities etc

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

Yes.

The North West Leicestershire Local Plan does not specify affordable housing mix and tenure, so the local planning authority does not need to review the Local Plan to address First Homes. However, some planning applications are being prepared under different assumptions regarding affordable tenures. It is agreed that where significant work has already been undertaken to progress a planning application, the local authority should have flexibility to accept alternative tenure mixes. Any guidance or policy will need to make clear that this is at the discretion of the local authority and not the developer.

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

Yes, but conditionally.

It is agreed that the minimum discount for First Homes should be 30% from market price. However, the market price should be set by an independent registered valuer appointed by the local planning authority with valuation fees paid by the applicant. It is agreed that the valuation should assume the home is sold as an open market dwelling without restrictions. North West Leicestershire District Council would want to use its discretion to increase the discount to 40% or 50%. However, this should be based on the relationship between local incomes and prices to enable.

Q14: Do you agree with the approach of allowing a small proportion of market housing on First Homes exception sites, in order to ensure site viability?

Yes, in principle.

Exception sites work because the land coming forward will not obtain planning permission for 100% market housing, but it would provide a significant uplift in value compared with, for example, agricultural land and so provide an incentive for landowners to release their land for development. Any guidance should address the issue of how 'small' is defined. There would also need to be a mechanism for ensuring that there is a genuine need to avoid a situation where planning permission is secured but is then subject to a change to allow general market housing only. It is important that the system is not allowed to be abused.

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

No.

Currently, entry-level exception sites should not be larger than one hectare in size or exceed 5% of the size of the existing settlement. This helps prevent unsustainable patterns of development and provides greater certainty for developers, infrastructure providers and the community. Removing the size threshold risks the broad support that exists for exception site housing. If it is decided to remove the threshold, guidance needs to be clear as to how size is determined; is it the number of dwellings in a settlement or its physical footprint, for example.

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

Yes, but conditionally.

Designated rural areas are National Parks, Areas of Outstanding Natural Beauty and areas designated as 'rural' under section 157 of the Housing Act 1985. There are no designated rural areas in North West Leicestershire. Designated rural areas should be more widely defined to protect the important role that rural exception sites play in delivering affordable homes in rural areas. For example, by including all settlements with populations of say less than 3,000 people.

APPENDIX 3: SUPPORTING SMALL AND MEDIUM-SIZED DEVELOPERS

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

No.

Sites of between 10 and 50 dwellings make a significant contribution to the supply of housing, including affordable housing, across the district. Excluding such sites from the provision of affordable housing will result in less affordable housing being provided to the detriment of those most in need. The opportunity to provide bungalows for older, disabled or vulnerable households could also be substantially reduced.

Raising the threshold is likely to have limited impact on site viability for SME developers as landowners will be the principal beneficiaries through enhanced land value. Raising the threshold is unlikely to increase the pace of site delivery as the need for negotiation on tariff-style S106 contributions e.g. education and healthcare contributions, would remain. Indeed, delivery would be adversely affected through the need to renegotiate S106 Agreements, renegotiations of site values with landowners, developers slowing-down delivery to await the proposed changes, and developers seeking to build fewer homes on small sites to avoid having to provide affordable housing. The proposal would adversely affect the delivery of First Homes.

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

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

iii- 25dw

It is recognised that increasing the threshold could benefit small and medium sized developers. However, it is considered that a jump to 40 or 50 dwellings would represent to big an increase in the threshold. An increased threshold of 25 dwellings is suggested instead. This would still provide benefit to small and medium sized developers, even for a limited period of time, but would also ensure that affordable housing continues to be provided.

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

Yes.

It is important for any raising of the small sites threshold to be time limited otherwise the benefits to economic recovery through increased housing delivery will be diluted, while the disbenefits through reduced affordable housing delivery would continue. There should be measures to reduce the possibility of developers bringing forward larger sites in phases of up to 40 or 50 homes (depending on which threshold is taken) to avoid contributions.

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

Yes.

The higher threshold should be lifted as the economy recovers from the impact of Covid-19 and, in any event, for no longer than 18months. There should also be a mechanism in place to ensure that sites benefitting from the higher threshold actually deliver homes during this time limited period rather than land bank to deliver after the 18 months. Any sites not delivering within the 18 month period should be subject to Affordable Housing requirements to ensure sites are brought forward. Furthermore, efforts should be concentrated on seeking to ensure that stalled sites are able to deliver, for example through funding packages.

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

Yes.

See answer to Q19.

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

Yes, but conditionally.

It is agreed that the current threshold should be maintained in designated rural areas, however these areas should be more widely defined (settlements with 3,000 or less populations) to protect the important role that rural exception sites play in delivering affordable homes in rural areas.

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

Yes.

Financial incentives to recognise the important role of SMEs in keeping the country building. Improved access to finance. Reductions in the regulatory burden on SME house builders. Help to join procurement lists for councils and RP's to enable local businesses to provide homes for local people.

APPENDIX 4: EXTENSION OF THE PERMISSION IN PRINCIPLE CONSENT REGIME

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

It is recognised that in theory the extension of the PiP regime might provide small and medium-sized house builders with an alternative way of reducing their upfront planning costs and provide certainty more quickly about the principle of development.

However, whilst the PIP system is intended to help developers avoid the cost and time of submitting technical reports necessary to demonstrate the effects of their developments, it would appear to simply change the point at which developers need to do this.

For example, the transportation impacts of, say, 100 new dwellings need to be assessed in order to establish whether it can be accommodated on the road network; this would be required to be demonstrated at the outline stage as (in effect) it is a matter of principle as to whether or not 100 additional dwellings can be provided without having a significant adverse impact upon the highway network. Under the PIP system, the Transport Assessment is submitted at the second stage (in effect, with the other items dealt with under a traditional reserved matters application), so the task of modelling the traffic impacts still needs to be done, but the developer has merely been able to delay such work. This is actually not helping developers in that, if the example scheme of 100 houses is going to be unacceptable on traffic grounds, they may as well know that at an earlier stage (and before they've gone to the effort and expense of drawing a detailed layout for 100 houses which will just end up being wasted if you then find that you simply can't add that many new dwellings to the local road network).

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.

Permission in Principle may include other uses such as retail, offices, or community spaces although housing must occupy the majority of the scheme. The clarity that floorspace is the measure to be used in making sure that housing is the major use is welcomed. Not setting a limit for commercial development space could undermine the vitality and viability of town centres and the Government's 'town centre first' policy as there would be no requirement to demonstrate compliance with sequential or impact tests. Currently, failure to undertake a sequential assessment could in itself constitute a reason for refusing permission.

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?

Yes.

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

No.

While an additional maximum height threshold parameter might provide greater clarity about the scale of housing development, it would add further complexity to the determination of PiP as it introduces design considerations. This would be contrary to the objective of providing developers with an easier route to certainty that the principle of development for housing is acceptable. It may in practice lead to greater confusion - for instance, a high height threshold may only be acceptable for part of the site given the impact on neighbouring dwellings. Technical details consent requirements would provide the

necessary supplementary information for the local planning authority to determine the application.

Q28: Do you agree that publicity arrangements for Permission in Principle by application should be extended for large developments? If so, should local planning authorities be:

- i) required to publish a notice in a local newspaper?
- ii) subject to a general requirement to publicise the application or
- iii) both?
- iv) disagree

If you disagree, please state your reasons.

Yes. ii.

Local communities should have greater opportunity to make representation on major development that might affect them. Applications for PiP on large sites should be subject to publicity beyond just a site notice and website publication. However, traditional publicity requirements such as notices in newspapers are ineffective and costly. Local planning authorities should be given the flexibility to publicise applications, including using social media.

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.

A simple, banded fee structure is preferred.

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

Whatever fee regime is decided upon, it should be similar to that required for an outline consent as outlined below.

While a local planning authority only needs to make a decision on the principle of the development, not on the technical details of the development, PiP places an extra burden on authorities to make decisions within a 5-week determination period and a 14-day period for consultation with the public and statutory consultees. This will be particularly difficult to achieve for major development. Further, PiP introduces additional processing and staff training costs by adding to the complexity of the planning regime. Planning departments are severely under-resourced and need the ability to raise planning fees. It is therefore appropriate for the flat fee to match fees for outline planning applications as a minimum.

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.

This will ensure that Brownfield Land Registers continue to be a single source of information on the availability of brownfield sites.

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.

With no PiP applications in North West Leicestershire, local experience of this consent route is limited. It may be that the gains developers can make in terms of savings on costs and assessments are not evident. Unless PiP becomes an attractive alternative for developers and becomes a more mainstream consent route, there is no need for local authorities to invest in it. It is unlikely that local planning authorities will want to promote PiP as it provides communities with less detail about development proposals.

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

The requirement to make decisions within a 5-week determination period and a 14-day period for consultation with the public and statutory consultees is unrealistic for under-resourced planning departments and key stakeholders. The Government needs to bring forward proposals for improving the resourcing of planning services.

Local communities should have the opportunity to make representations on developments that might affect them. However, by limiting the consultation period and reducing technical detail, such as the design of buildings, tenure mix, transport and environmental matters, local people will find it more difficult to engage in the planning process. It is unlikely that communities will sympathise with the gains developers and landowners might make in terms of savings. Developers should secure early and effective engagement with planning authorities, communities, local organisations, businesses, infrastructure providers and statutory consultees prior to a PiP application much as they are required to do for a standard planning application.

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

Current take-up has been poor with no PiP applications in North West Leicestershire. There is little benefit to PiP as developers can still use the traditional outline planning application route. The two-stage PiP consent is likely to take significantly longer than a normal single-stage application and the cost is greater. Further, in areas with an up-to-date Local Plan, developers are already given a reasonable degree of certainty. Developers do not see sufficient benefit in PiP for it to become widely used.