

Changes to the current planning system – the standard method

1. Background

- 1.1 The Government is currently consulting on a number of changes to the planning system. This covers four areas:
- a. The standard method for assessing housing numbers in strategic plans
 - b. Delivering First Homes
 - c. Supporting small and medium-sized developers
 - d. Extension of the Permission in Principle consent regime
- 1.2 This paper seeks to summarise the government's proposals, and suggest responses to the questions the government poses.

2. The standard method for assessing housing numbers in strategic plans – summary

- 2.1 This consultation should be read in the context of the wider reforms set out in the White Paper: Planning for the Future.
- 2.2 The government sets out a number of goals / issues that the changes to the standard method are intended to address. These are summarised below:
- a. The housing market should be capable of delivering 300,000 homes per annum, adopted local plans, when they are in place, provide for 187,000 homes per annum. This is lower than the number of homes delivered last year (241,000). Plans should be identifying enough land to accommodate the homes our communities need (i.e. 300,000).
 - b. The standard method is a simpler, quicker and more transparent method for assessing housing needs than methods used in the past.
 - c. The current standard method can result in volatile projections that result in artificially low projections in some areas, where overcrowding and concealed households suppress the numbers. The proposed method addresses this.
 - d. The proposed method uses more up to date data.
 - e. The proposed method achieves a better distribution of homes, increasing the numbers in areas of high demand.
- 2.3 The current calculation using the standard methodology results in a housing need figure for Uttlesford of 706 dwellings per annum. The proposed standard methodology results in a housing need figure for Uttlesford of 1,231 dwellings per annum.
- 2.4 The increase in the identified need is due to three factors:
- a. The current methodology is capped so that any new figure cannot be more than 40% higher than previous targets, the proposed methodology is not.
 - b. Both the current and proposed methodology include an adjustment to take account of affordability. The proposed methodology incorporates a further adjustment to account for changing affordability over time. In Uttlesford affordability of homes has worsened in the last ten years.

- c. The proposed methodology includes a further adjustment that in effect adds back in the starting point for the calculation.

2.5 There is one further change that does not result in an increase for Uttlesford:

- a. The current method uses the 2014-based household projections as a starting point. The proposed method uses the higher of the 2018-based household projections or 0.5% of the existing dwelling stock.

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?

Yes. It seems sensible to take account of the existing housing stock when planning for future housing needs. This recognises the limitations of housing projections and ensures an alternative 'starting point' is linked to the existing homes in the district. The approach of taking the higher of these starting points is also supported as this better allows the government to reach its objective of 300,000 new homes per annum across the country.

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.

Yes. 0.5% growth seems like a reasonable potential starting point to calculate housing needs, as it is half the current delivery of homes and so will not unduly influence housing requirements across the country.

Q3: Do you agree that using the workplace-based median house price to median earnings ratio from the most recent year for which data is available to adjust the standard method's baseline is appropriate? If not, please explain why.

No. This ratio is simplistic and for example does not take into account wages of the self-employed, nor does it take into account households with multiple people earning a wage. These can both be significant factors, for example in Uttlesford in 2019/20 20.3% of economically active residents were self-employed (compared to 10.8% across Great Britain). Furthermore, it does not take into account people using accumulated wealth, including capital from existing properties (e.g. down-sizing).

It could be too complicated to incorporate accumulated wealth, however including the wages of the self-employed and taking into account multiple income households is an achievable modification.

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. Incorporating an adjustment for the change of affordability over 10 years as well as the existing affordability of homes is effectively 'double dipping' on affordability as an issue when identifying housing need. Affordability has been an important factor at a national level for determining housing need for a number of years and it is right that affordability is taken into account.

However, 'double dipping' on affordability as an issue raises its importance over and above other issues. The White Paper proposes to take into account other issues, such as constraints in order to determine a housing requirement (as opposed to a local housing need). If the changes in the White Paper are not brought in, then the changes to the standard methodology in the 'Changes to the planning system' consultation will mean that affordability is given too much weight in determining housing need.

This has other implications, including:

- More housing need being distributed in the south east of the Country, contrary to other government policy ambitions (see question 5 for more detail and possible solutions); and
- More housing need being distributed to rural areas, where house prices are higher (see question 5 for more detail and possible solutions).

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

No. See also the response to question 4. Unaffordable housing can an indicator that supply of housing is not meeting demand, affordability is therefore an appropriate weighting to adjust the starting point for identifying districts' housing needs.

However, it is considered that the standard method as currently proposed is too simplistic and focusses on affordability and excludes a number of factors that should also feed into the calculation, some of these factors are suggested in the Planning for the Future paper, others are not. The factors that it is suggested should be taken into account and the justification for them, are set out below:

1. Government aspirations for growth areas. The government currently identifies a number of policy areas for growth. For example, the Oxford to Cambridge Arc is identified as a knowledge intensive cluster that competes on a global stage. Significant housing and job growth has been identified within this area as a government policy objective to ensure this area is capable of meeting its potential. The standard method as currently proposed does not take account of this policy objective. The standard method as currently proposed indicates a housing need for Uttlesford of 1,231 dwellings per annum which equates to 32.38% housing growth over 10 years. When comparing Uttlesford with the 22 districts within the Oxford to Cambridge Arc, only three authorities have a higher absolute housing need identified (Aylesbury Vale, Cherwell & Vale of White Horse) and all 22 districts have a lower relative growth rate, the highest being Aylesbury Vale with a relative growth of 26.79%.

This does not seem like it is fulfilling the government objective to focus growth in areas such as the Oxford to Cambridge Arc. An amendment to the standard

method should be considered that redistributes housing from other areas close to growth areas to help meet this government objective. Travel to Work Areas could inform this amendment so that it also addresses the fact that people commute to Cambridge and Oxford from ever increasing distances. This would introduce further complexity to the calculation, however government aspirations for growth areas are considered an important objective that is worth factoring in.

2. Forecast job growth. One important missing factor in where new homes should be planned is where new jobs are expected. Without factoring the location of new jobs there is the potential for a mismatch between new homes and jobs and a consequent increase in commuting or unemployment. This should be factored in after government aspirations for growth, so that 'policy on' considerations can be taken into account first, so that the government aim to 'level up' areas in the north of the country can still be taken into account.
3. The size of existing urban settlements. This is identified in Planning for the Future as a potential future change to the standard methodology, to target development at areas that can absorb the level of housing proposed. This is considered an important factor to ensure levels of development are deliverable. Districts with relatively small settlements tend to have more limited infrastructure, in terms of roads, schools, health provision etc. The limits of existing infrastructure make it more challenging for such districts to incorporate significant housing growth at pace. For example, Uttlesford has two small towns (Saffron Walden & Great Dunmow), and large number of villages of varying sizes. The local road network and access to the strategic road network are key limiting factors as to whether settlements can accommodate significant growth. Settlements of limited size are also less able to sustain public transport options, schools, healthcare provision etc, this limits the options for sustainable growth at these locations.

A housing need of 1,231 homes for Uttlesford, would imply planning for growth of 32.38% over ten years, if many settlements in the district cannot reasonably accept significant levels of growth, this implies planning for higher percentages of growth at more sustainable locations. Growth of 50% (or more) in ten years in settlements of between a few hundred homes and approx. 15,000 homes is likely to be incredibly challenging to deliver at scale across the district. An adjustment to reflect the deliverability of housing having regard to the size of existing settlements (as a proxy for likely existing infrastructure capacity) is essential to ensure the deliverability of the housing.

This is separate from the fact that the number of dwellings is already incorporated into the calculation (as per question 1), as it currently only takes account of the number of dwellings and not their distribution. It is suggested that either (1) the largest settlement in a district is incorporated as a further factor, or alternatively (2) the average (median) size of a settlement in a district. The largest settlement is suggested as the easiest to incorporate so as to avoid arguments over what constitutes a settlement.

4. The extent of land constraints. This is identified in Planning for the Future as a potential future change to the standard methodology, to take into account practical limitations that an area might face. Designated areas of environmental

and heritage value, the Green Belt and flood risk are mentioned as examples. Other constraints that should be taken into account are:

- (a) The extent of Conservations Areas and the number of listed buildings as a proportion of total buildings. These are examples of heritage constraints that can limit the acceptability of some forms of development.
- (b) Undesignated landscape constraints. The impact of development on undesignated landscapes is also an appropriate limiting factor on development. Uttlesford does not have any designated landscape constraints, however numerous appeals have been dismissed on the basis of unacceptable impact on locally important landscapes, this is despite Uttlesford not being able to demonstrate a five year housing land supply for a number of years.

5. A factor taking into account the opportunities for sustainable development and / or the urban / rural nature of a district. Concentrating on affordability without looking at other factors appears to focus need on rural districts. This is likely because rural districts tend to have larger houses than urban districts and less flats. Larger houses tend to be more expensive than smaller houses and flats. This difference in the size of homes affecting affordability is not due to need or demand and leads to higher need being identified in rural districts in a way that is not necessarily fair.

Furthermore, urban districts, by their very nature, tend to be a focus of shops, infrastructure and sustainable transport options. These inherent features make urban areas more sustainable options for focussing development, as people have easier access to services and facilitates that meet their day-to-day needs and are able to access them without using the car. The methodology should identify cities and larger towns with a good range of services and facilities as nodes where sustainable growth can be located to meet the countries development needs while also addressing the challenge of climate change.

It is noted that many of these further adjustments do not easily lend themselves to a formulaic approach to identifying housing requirements. This does not mean that they are not necessary considerations, and without them being taken into account the new approach is destined to set targets which are too challenging in some areas, and not challenging enough in others. A careful approach to the formula, or a different approach that involves exercising planning judgement will need to account for these considerations so that the proposed standard methodology can succeed.

When the revised standard method guidance is published it would also be helpful to give an indication of potential further changes to the calculation of the housing requirement through Planning for the Future so that local planning authorities who are developing Local Plans can understand the impacts. This will reduce uncertainty and potential delay.

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

No. See the response to question 4.

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?

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?

Uttlesford District Council is at the start of preparing a new Local Plan and these proposed transitional arrangements are unlikely to impact on Uttlesford. Nevertheless, they seem like a reasonable way of ensuring those authorities who are well progressed on their Local Plan can continue to progress quickly without potentially significant changes to the development needs, which could otherwise lead to delay.

3. Delivering first homes – summary

- 3.1 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. This is intended to support first time buyers accessing home ownership.

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)**

The suggested 25% First Homes (25% of the affordable housing provision on site) would need to replace other home ownership products such as shared ownership though otherwise it will be to the detriment of affordable rented housing provision on sites.

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?

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

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

A major concern exists as to how first homes will be administered, who gets them and who is monitoring the covenants that will apply.

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

No comment.

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

No comment.

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?

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

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

Q14 – Agree, this seem sensible.

Q15 – No comment.

Q16 – Agree. Affordability of housing in rural areas means home ownership is not a realistic option for many, and a 30% discount will still mean many people cannot afford a home. This logic would apply in Uttlesford and it should be such a designated rural area. Shared ownership available with the suggested 10% initial share and 1% subsequent shares as proposed separately to this consultation could well be more affordable than the First Homes especially if maintenance costs are not the responsibility of the purchaser as is being suggested currently.

4. Changes to the current planning system – supporting small and medium sized developers

- 4.1 The government wants to support small and medium sized developers, they have faced challenging times and tend to be concentrate on smaller sites which can be delivered more quickly. They want to reduce the burden on small and medium sized developers, and the consultation includes a proposal to increase the threshold for contributing to affordable housing to 40 or 50 homes for a limited time period to help such developers during the current public health emergency and support delivery of homes.

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

No. Viability of development in Uttlesford is rarely raised as an issue, and the Council consistently achieved its policy aim of 40% affordable homes on sites of under 40 dwellings. Indeed, the prices of houses in the district appears to have held up during the public health emergency. [ONS data](#) for the country supports this view. Therefore, raising the threshold is unlikely to speed up the delivery of homes.

The proposals would result in much reduced affordable housing in districts like Uttlesford, where sites of under 50 homes make up a significant proportion of new affordable housing. For Uttlesford 49% of S106 sites between 2016/17 and 2020/21 were sites of 50 or less properties and 40% sites of 40 or less properties. To put this into context, the suggested proposals would have resulted in 166 fewer affordable rented homes and 87 fewer shared ownership homes being delivered since April 2016. This equates to 31% of the affordable housing provision on S106 sites since April 2016 within Uttlesford.

This will also lead to land value inflation if no affordable housing has to be provided which will have a knock on effect to land values generally within the district.

There will also be the risk that applications already passed will be resubmitted to avoid affordable housing requirement and therefore actually delay delivery.

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

i) Up to 40 homes

ii) Up to 50 homes

iii) Other (please specify)

None. See the response to question 17.

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

No. See the response to question 17.

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 does not agree with the proposal to raise the small site threshold for affordable housing. However, if the government is minded to proceed it should be on a time-limited basis specifically linked to the economic downturn.

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

No, the Council does not agree with the proposal to raise the small site threshold for affordable housing. However, if the government is minded to proceed guidance should address potential sub-division of sites to get around the affordable housing threshold.

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

Yes, providing that it is the rural areas listed within The Housing (Right to Enfranchise) DPA England 2009 rather than S157 Housing Act 1985 which applies.

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

It is considered that SME builders are best placed to respond to this question.

5. Changes to the current planning system – extension of permission in principle

- 5.1 Permission in principle (PIP) was brought in in 2017 to give up-front certainty to the principle of development and ensure this principle only needs to be established once.
- 5.2 The White Paper proposes PIP will apply to substantial allocations in new Local Plans.
- 5.3 This consultation paper seeks views on the following proposals:
- extending the scope of the current Permission in Principle by application route to major development (not subject to EIA or habitats assessments);
 - enhancing the information requirements and publicity arrangements for these applications;
 - introducing a revised fee structure, at lower cost, to incentivise their use;
 - including automatically any Permission in Principle granted onto Part 2 of the local brownfield land register; and
 - strengthening guidance to support implementation.

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

No. The PIP process on sites for <10 appears to be evolving. It would be considered more appropriate to review the housing delivery and the success of the current limited scheme before steaming ahead for major schemes. Although it does support the potential for an automatic PIP for allocated sites.

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.

Notwithstanding our response to Q24, should the decision be taken to increase PIPs to include majors developments , then certainly there should be a limit on commercial development, in fact the whole thinking behind the PIP process was to boost housing delivery, so not sure why commercial development included at all.

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?

Notwithstanding our response to Q24, should PIPs be extended to major developments, then certainly the anomaly of not including habitat regulations should be addressed. Also must read alongside the White Paper considerations for S106s and the proposed approaches to infrastructure/mitigation provision.

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

No. Height parameters can still be considered within the TDC process.

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.

Notwithstanding our answer to Q24, should the PIP be extended to large developments, then it should be subject to a general requirement to publicise the application, but there should be **not** be a requirement to publish a notice in a local newspaper.

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, agree.

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

No comment.

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. It makes sense to have one source of information for all PIP 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.

In order to be more comfortable with the paucity of information required for PIP applications, possibly need to boost guidance over the information required for TDC, which are certainly more detailed than reserved matters applications. Need to provide more guidance over the PIP/TDC process as a total process and how it differs substantially from the outline/reserved matters process.

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

An effective PIP process, based upon a plan led process, could shift the focus upon the quality of development through TDCs. Just need a further analysis/monitoring of the current PIP process before jumping to PIPs for major development.

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

It is considered that landowners and developers are best placed to respond to this question.

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?

The government needs to be careful not to reduce the availability of affordable rented homes on sites secured via S106 agreements/infrastructure levy. Affordable rented housing is essential for those people who most need it i.e. often the most vulnerable people within our society.

A measure to mitigate against this would be to protect the amount/proportion of affordable rented homes delivered on sites nationally in the same way as it is being proposed to set a minimum proportion of First Homes on sites nationally.