

# Consultation on ‘Changes to the Current Planning System’: Response on behalf of Tunbridge Wells Borough Council

---

**01 October 2020**

## The standard method for assessing housing numbers in strategic plans

***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.**

a) Regard to housing stock

While it is agreed that the method should include a baseline that relates to existing housing stock, it is further believed that this should be at the heart of the calculation.

This is because:

- It relates directly to meeting the needs of local people, who mostly want to be able to still live locally
- It reinforces growth in existing urban areas and utilisation of available and accessible infrastructure
- It provides equity, making it clear that all communities should contribute to housing growth
- It produces a better and more realistic balance of housing growth nationally

However, the 0.5% proportion of housing stock proposed is too small to provide an effective basis for determining housing growth.

A consequence of this too low a threshold is that, to achieve 300,000 dwellings per annum (pa), the proposal relies on multiple ‘affordability uplifts’ which result in large distortions in requirements relative to the baseline (and housing delivery) across the country. It produces often unachievable levels of growth in high demand areas, notably

for London and in the South East, and under-delivery in other parts of the country which are both capable of more development and indeed would benefit from it. This is demonstrated in the evidence provided in response to Q5.

The percentage of housing stock in the proposal should be raised to 0.7% pa. The justification for this is set out fully in the response to Q2 below.

b) Regard to household projections

While existing housing stock should be the principal baseline measure, it is agreed that the most up-to-date household projections should be used as a 'top-up'. This recognises and allows for higher levels of household formation in a particular area.

At the same time, given that projections can be substantially influenced by migration trends, it should be recognised that use of this metric already provides a degree of adjustment for affordability when determining the relationship between this and housing stock growth (see response to Q2) and the affordability uplift in Step 2 (see response to Q5).

**Q2: In the stock element of the baseline, do you agree that 0.5% of existing stock for the standard method is appropriate?**

**No.**

As stated in relation to Q1, the 0.5% proportion of housing stock is too low to be effective as the core basis for a nationwide increase in housebuilding, being directly related to existing needs and projections.

The consultation states that the existing stock provides the "*basic percentage*" for calculating housing growth, yet under the current proposal, household projections and affordability uplifts are far more influential.

In particular, it is noted that:

- 300,000 dwellings pa is a more relevant benchmark than the level of stock increases in 2018/19, since that is the target for future growth
- 300,000 dwellings pa equates to 1.23% of England's housing stock (2019), suggesting that 0.5% is far too low a threshold for a reasonably equitable distribution of growth
- Under the proposal, the stock would be the baseline for only 36% of authorities, which is inconsistent with its stated significance

It is proposed that a level of 0.7% pa of existing stock is an appropriate baseline.

On this basis, the existing housing stock calculation would be the baseline for 56% of authorities, with the household growth for 46%.

This better reflects its stated central role, being applicable to at least a half of all local authorities (LAs), but not so high as to marginalise the top-up provided by the regard to household projections.

Overall, it is considered that the 'housing stock' baseline should apply to 50-60% of LAs, with the household projections being the topped-up baseline for 40-50%. The above approach achieves this.

**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?**

**No.**

Although the consultation states that consideration has been given to the respective merits of residence-based and workforce-based earnings ratios – highlighting that this is a real choice to be made – no reasons for preferring the latter are given.

Therefore, it is difficult to appreciate the case. Notwithstanding this, residence-based earnings are regarded as the more appropriate in this context on the basis that:

- As people generally wish to live and establish their homes in their local area, it follows that the ability of existing residents to afford local homes, rather than people who happen to work in the area, is more relevant
- A residence-based earnings to house prices ratio takes due account of the often substantial commuting flows from rural to urban areas, as well as from urban to metropolitan areas

It is calculated that, retaining the Step 1 calculations as per the Government's formula (i.e. the higher of projected annual household growth or 0.5% of the housing stock), the use of the residence-based affordability measure reduces the national need by only 4% to 322,000.

However, it has a significant effect in terms of reducing the (unrealistically high) need in London (-7.7%) relative to the consultation proposals, and the South East (-5.1%), with lower adjustments in other areas. It has a very modest upwards impact on Yorkshire and the Humber and the West Midlands (+0.2%).

Hence, the application of a house prices to residence-based earnings ratio also addresses the exaggeration of the affordability uplifts in and around London and the South East created by use of workplace-based figures.

**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?**

**No.**

There are clear limitations on looking at affordability ratio changes over time, especially over such a long timeframe as 10 years. Circumstances 10 years' previously, in 2009, were hugely different from the context today; the country was in the depth of an economic recession following a banking collapse. House prices fell considerably as a

result (September 2007 to April 2009 saw a 17.5% fall in average house prices in England (ONS), with a consequently low affordability ratio.

It would be wrong to assume that house prices and affordability are a direct function of their relationship to the supply of additional homes. This would fail to recognise that some areas inherently command higher house prices due to their attractiveness, notably where they form part of nationally important landscapes of outstanding quality.

[It is recognised that the White Paper proposes to take account of such factors, which highlights the deficiency in the current proposals (notwithstanding they are not mandatory). This point is pursued in the responses to Qs 6 and 7 below.]

Relative to the 10-year horizon, a shorter, five-year, period would have the merits of not being rooted in economic conditions and interest rates unrelated to current circumstances. Also, it would be less likely to produce variable results year on year.

Even so, it may be anticipated that interest rates are likely to remain low for some time, while earnings may well fall in the short term as the economy struggles to recover from the pandemic. This may well produce still higher average affordability ratios – irrespective of housing land supply.

In conclusion, while it is appreciated that there is a linkage between affordability changes and housing supply, other factors, as set out above, play a substantial role. Accordingly, it would be wrong to put too much weight on such changes. Fundamentally, a five-year timeframe would provide a more reasonable uplift balance, avoiding the grossly disproportionate uplifts that would otherwise be generated – see the response to Q5 below.

It is recommended that, if a trend element is to be included, this should be over five years.

### **Q5: Do you agree that affordability is given an appropriate weighting within the standard method?**

**No.**

It is very evident that too much weight is being given to housing affordability in the calculation of housing need, as it yields what are almost certainly to be unachievable figures for Greater London and for much of the South East.

In fact, with an inevitable unmet need from London, most, if not all, councils around London could face an unworkable situation.

Government should not be surprised if councils say that they are being set up to fail in terms of delivering their excessive housing numbers. It also seems inevitable that, if the proposal were adopted, it would discourage many councils from progressing Local Plans pending resolution through the outcome of the White Paper reforms (see also responses to Q6 and Q7 below).

The disproportionate impact of the affordability uplifts can be clearly seen from the figures on recent housing delivery relative to the requirements of the new Standard Method.

In fact, under the Government’s current proposal, nearly a half (48%) of the overall national need for 336,036 homes is generated by the affordability adjustment.

Hence, in practice, it is not simply an adjustment, but represents a fundamental paradigm shift, wholly disproportionate to the baseline – and, for too many councils, an unworkable one.

In terms of distribution of growth, in relation to the stated objective of supporting the Northern Powerhouse and promoting regional rebalancing, the proposed new Standard Method would be regressive.

For example, the outputs of the new standard method for key northern cities/sub-regions is presented in Table 1 below.

**Table 1: Comparison of new Standard Method with current one and recent delivery**

	<b>Current SM LHN (2014 Projections)</b>	<b>Proposed SM</b>	<b>% Change (Proposals vs Current SM)</b>	<b>Three-year Average Delivery</b>	<b>Proposals compared to three-year Delivery</b>
<b>Liverpool</b>	1,558	1,154	-26%	2,701	-57%
<b>Tyne and Wear Sub-Region</b>	3,183	3,284	3%	4,552	-28%
<b>Manchester</b>	2,613	1,645	-37%	2,366	-30%
<b>Leeds</b>	2,787	2,387	-14%	2,845	-16%

As can be seen, for all these major urban areas, (which are intended to be the focus of future growth), the proposed method generates housing targets that are either much or substantially less than the recent (2016-2019) average housing delivery.

Furthermore, for Liverpool, Manchester and Leeds the new method requires less than the existing method, with Tyne and Wear virtually unchanged.

In contrast, most inner and outer London boroughs, have ‘need’ way in excess of delivery (and the target under the current standard method). For example, Hackney’s housing target is doubled relative to the current (tough) target and is 2.61 times its actual building rate. Barnet would face a 45% increase, 1.81 times its actual building rate.

The full distribution under the consultation proposals by region is shown in Table 2 below.

**Table 2: Government's Proposals by Region**

Region	Sum of Proposed LHN	% Need	% Stock, 2019	Difference (pp)
East Midlands	27,950	8.3%	8.6%	-0.3%
East of England	40,281	12.0%	11.1%	0.9%
London	93,532	27.8%	14.7%	13.1%
North East	7,288	2.2%	5.1%	-2.9%
North West	24,631	7.3%	13.5%	-6.2%
South East	60,456	18.0%	16.2%	1.8%
South West	36,526	10.9%	10.5%	0.4%
West Midlands	27,502	8.2%	10.3%	-2.1%
Yorkshire and The Humber	17,870	5.3%	10.0%	-4.7%
<b>Total</b>	<b>336,036</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>

It can be seen that London is expected to accommodate 27.8% of the need whilst having only 14.7% of England's housing stock.

In contrast, northern regions such as Yorkshire and the Humber, the NE and NW see a notably lower proportion of need relative to their stock. This reflects the undue emphasis placed within the method on affordability adjustments.

For Tunbridge Wells itself, it cannot be correct that the 10-year household projection (of 347 dwellings pa) needs to be increased by more than 2.5 times (to 893 dwellings pa) to meet unmet housing needs, notably of "*concealed households*". This illustrates the hugely disproportionate nature of the affordability adjustments.

Furthermore, the proposed Method does not relate well to the main measure of market demand – housing completion rates.

What is particularly notable is the very strong emphasis on housing delivery in London within the Government's proposals. Delivery in London has averaged 36,200 over the last three years (2016-19). The proposals thus envisage London delivering over two and a half times this in the future (and almost trebling housing delivery, of 33,000 pa over the last five years (2014-19)). The South East, already a strong focus for housing delivery, is also expected to substantially increase its contribution.

In sharp contrast, under the current proposals, the North East, North West and Yorkshire and Humberside would all be expected to deliver less homes than have been built annually over the last three years.

In other words, the proposed Method will not only exacerbate the “North-South divide” but hold the northern regions back from regeneration and growth.

**Table 3: Comparison of Government's proposals with housing delivery**

	<b>Government's Proposals (LHN pa)</b>	<b>Three-year Delivery (Completions pa)</b>	<b>Variance between Proposals and three-year Delivery</b>
<b>East Midlands</b>	27,950	21,300	23.79
<b>East of England</b>	40,281	27,719	31.19
<b>London</b>	93,532	36,221	61.27
<b>North East</b>	7,288	10,218	-40.20
<b>North West</b>	24,631	26,934	-9.35
<b>South East</b>	60,456	40,581	32.88
<b>South West</b>	36,526	26,898	26.36
<b>West Midlands</b>	27,502	22,411	18.51
<b>Yorkshire &amp; Humber</b>	17,870	19,225	-7.58
<b>England Total</b>	336,036	231,505	31.11

### **Alternative proposal**

To adjust the distribution of housing provision between regions, the method needs to be adapted to change the balance of weight afforded to the housing stock relative to affordability.

### **Baseline**

The consultation document itself sets out that the inclusion of housing stock in the method helps to ensure that the diverse housing needs in all parts of the country are taken into account – what it describes as “*distribution benefits*” – as well as provide “*stability benefits*” in reducing the weight given to household projections which can be volatile and change over time.

Whilst the consultation proposes a baseline of 0.5% of existing stock or the projected average annual household growth as a baseline, it is shown below that increasing the influence of the stock factor within the method, to **0.7% pa**, produces a more balanced outcome.

Table 4 below compares the outcomes of the 0.5% housing stock element in the consultation proposals, relative to a 0.7% pa housing stock component.

**Table 4: Implications of Alternative Stock Baseline Figures (0.5% and 0.7% pa)**

	<b>Government's Proposals</b> (0.5% pa)		<b>0.7% Stock Baseline</b>		<b>Three-year Delivery</b>
	LHN	% by Region	LHN	% by Region	Completions pa
<b>East Midlands</b>	27,950	8.3%	30,167	8.0%	21,300
<b>East of England</b>	40,281	12.0%	45,259	12.1%	27,719
<b>London</b>	93,532	27.8%	101,058	26.9%	36,221
<b>North East</b>	7,288	2.2%	9,610	2.6%	10,218
<b>North West</b>	24,631	7.3%	30,624	8.2%	26,934
<b>South East</b>	60,456	18.0%	67,932	18.1%	40,581
<b>South West</b>	36,526	10.9%	37,448	10.0%	26,898
<b>West Midlands</b>	27,502	8.2%	30,722	8.2%	22,411
<b>Yorkshire &amp; Humber</b>	17,870	5.3%	22,598	6.0%	19,225
<b>England Total</b>	336,036	100.0%	375,417	100.0	231,505

For the North East, the 0.7% pa stock baseline model remains below recent delivery. In the North West and Yorkshire and Humber, recent delivery sits close to the 0.6% pa model. It is in these regions that there is clear potential for higher delivery.

Increasing the stock baseline whilst holding other elements of the model unchanged clearly increases housing need nationally. But as Table 4 also shows, it does change the regional distribution – with higher proportions of housing need going to the three northern regions and somewhat less to London.

With this model, housing stock is the baseline in 175 authorities, 56% of the total number of local authorities (313).

#### Affordability

It is considered reasonable that, nationally, affordability uplifts account for about one third of the total need, not nearly a half as under the Government's proposal.

Under this amended proposal, highlighted in Table 5 (column 3) below, 63% of the national need is generated by Stage 1, and 37% by the affordability adjustment.

As stated in response to Q3, it is believed that the method should use the median residence-based earnings data as opposed to the workplace-based figures. It is also considered that a five-year trend is more appropriate than a 10-year trend.

An approach which takes the higher 0.7% growth in the housing stock or the household projections, and then adjusts this based on the residence-based median affordability ratio and how this has changed over the last five years is recommended.

**Table 5: Implications of a 0.7% pa Stock Figure and Residence-based Affordability Changes over Five Years**

	<b>Government's Proposal</b>	<b>Alternative with 0.7% Stock and 5 Year Res. AR</b>	<b>Change</b>	<b>Three-year Delivery pa</b>
<b>East Midlands</b>	27,950	26,238	-6.1%	21,300
<b>East of England</b>	40,281	38,525	-4.4%	27,719
<b>London</b>	93,532	70,034	-25.1%	36,221
<b>North East</b>	7,288	9,631	32.1%	10,218
<b>North West</b>	24,631	29,094	18.1%	26,934
<b>South East</b>	60,456	55,889	-7.6%	40,581
<b>South West</b>	36,526	34,442	-5.7%	26,898
<b>West Midlands</b>	27,502	28,788	4.7%	22,411
<b>Yorkshire and The Humber</b>	17,870	20,673	15.7%	19,225
<b>England Total</b>	336,036	313,315	-6.8%	231,505

Importantly, this generates a need for 313,300 homes nationally – still meeting the Government's target.

[NB It is also assessed, based on local and national trends in house prices relative to completions, that each year the algorithm will produce increasing housing targets, as additional households translate into increases in household projections, which in turn will increase the baseline to a greater degree than counter-balanced by a likely impact on the affordability ratio. Hence, consideration should be given as to the date for the 300,000 dwellings pa target as, if immediate, it may exceed potential demand, and be unrealistic, having regard to likely absorption rates.]

Relative to the Government's proposals, this method adjusts the regional distribution with an increase in the North East (particularly), North West and Yorkshire and Humber; which is offset by a reduction particularly in London followed by the South East.

In conclusion, this approach has the effect of rebalancing the approach across regions through a greater emphasis on stock and reduced emphasis on affordability changes. Its use of the residence-based affordability data promotes a greater focus on urban areas.

**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?**

**No**

The Council wishes to express its views firmly and strongly that if the changes to the standard method are introduced now, without the land constraints being “*factored in*” as set out in the White Paper (proposal 4, page 32), that this would be short-sighted, inconsistent and ultimately is likely to lead to delays in local plan production across the country.

Paragraph 4 of the consultation document explains that the standard method was first introduced and implemented in 2018 “*to make assessing the minimum number of homes needed in an area easier, cheaper, and more transparent*”. The current proposals, of introducing a formula which will change at some point in the future (although how it will change is unknown), is contrary to all of these aims.

As set out in the response to Q5, for those authorities where the proposed changes will result in an increase in local housing need, and there are applicable constraints in that borough/district, it is highly likely that many Local Planning Authorities (LPAs) will pause work on their local plans until the version of the standard method with the constraints “*factored in*”, which ultimately will reduce and retard the delivery of housing in the short and medium term.

Notwithstanding the above, if the Government does proceed with the interim arrangements, a timetable of six months from starting Regulation 19 consultation to submission is considered reasonable. It could be suggested that it would be more appropriate for this to be seven months given that Regulation 19 consultation will often run for eight weeks (rather than the statutory six), and if there are significant numbers of objections received (inevitably with the majority in the last week of the consultation period) this is a huge administrative task in its own right. For example, Tunbridge Wells Borough Council (TWBC) received over 8,000 comments from 2,000 responders to its Regulation 18 consultation in 2019.

**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?**

**No**

For the reasons provided in response to Q5, the Council strongly expresses its view that it is illogical to introduce a revised standard method for calculating local housing need for plans which do not include the constraints “*factored in*” as set out in the White Paper.

However, in the event that the revised guidance is introduced, serious concern is also raised that the transition period of three months from the date of the revised guidance for a LPA to publish its Regulation 19 plan is too short, and again raises the distinct

possibilities that many authorities which (having spent considerable time and expense preparing their draft Pre-Submission Local Plans) will falter at one of the final hurdles, and will then have to undertake a further two rounds of plan making to progress against (using the revised standard method).

This is exemplified in the case of Tunbridge Wells borough:

- Through a rigorous, but proportionate, approach to plan making, the Council has been preparing its new Local Plan since 2016
- (As set out in the full Draft Local Plan ([see the Draft Local Plan](#)), subject to Regulation 18 consultation in late 2019) there is the potential that the new Local Plan will seek to accommodate housing provision levels 126% greater than those in the currently adopted Local Plan. The difficulties of this should not be underestimated, given the extensive Area of Outstanding Natural Beauty (AONB – 70% of the borough), Green Belt (22% of the borough), and other constraints (infrastructural capacity, flood risk, conservation areas, etc)
- However, despite being towards the final stages of preparing the Pre-Submission version of the Local Plan, there is significant risk that a three-month period is simply too short
- If that three-month window is missed, then TWBC would be faced with having to plan for a further 32% increase in housing numbers, which will put the process of plan making back by at least 18 months. It is difficult to see how this increase could be achieved given the constraints of the borough
- A far more likely scenario would be that work on the Local Plan would halt, pending the final standard method which “*factors in*” constraints.

Indeed, for many LPAs, the timetable for their own Full Council decisions to undertake Regulation 19 consultation and the practical arrangements for starting the consultation will take three months: essentially the transitional arrangements as currently proposed would exclude all LPAs whose plans were very well advanced but not (at the time that the changes to guidance is issued) ‘ink dry’ on the pre-submission versions and associated Committee reports recommending that Regulation 19 consultation be undertaken. This, in turn, will reduce certainty for proposed sites for housing allocations, and ultimately will delay and reduce housebuilding in the short term.

It is recognised that there needs to be a cut off point, but it is strongly recommended that this length of time matches that of the period between Regulation 19 consultation and submission of at least six months, and preferably seven months.

In turn, this will result in expensive local plan work being aborted.

## 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?**

**Options:**

**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)**

It is well known that the provision of different forms of affordable housing can impact significantly on the economics of housing developments, including in terms of the uplift in land value, cash flow and construction costs. The mixture, as well as the overall amount, of affordable housing is therefore a key element in whole plan viability testing, as required and advocated by the NPPF and PPG.

It will therefore be highly difficult to provide an evidenced based justification for which approach is most appropriate.

Nonetheless, it is considered important for all authorities to retain the ability to deliver a mix of affordable housing types. This is particularly important for Tunbridge Wells borough, as it has the second highest ratio of median house prices to median gross annual workplace-based earnings in Kent (at 12.48 in 2019: see House Price to Workplace-based Earning Ratio, ONS (March 2020 release)) and is identified as a “*high affordability pressure area*” (see Shared Ownership and Affordable Homes Programme 2016 to 2021).

Consequently, from a housing need perspective for areas of high affordability pressure such as Tunbridge Wells borough (and evidenced by the length of time and the numbers on the Housing Register), there is a strong need argument that First Homes should replace other home ownership products such as shared ownership. The remaining percentage should therefore be for social or affordable rent.

However, it is important to understand how the Right to Shared Ownership of rented accommodation, and announcement of additional funding under the affordable housing programme (<https://www.gov.uk/government/news/jenrick-unveils-huge-12-billion-boost-for-affordable-homes>) will work with this, moving forward.

**Q9: Should the existing exemptions from the requirement for affordable home ownership products (e.g. for build to rent) also apply to this First Homes requirement?**

**No.**

There is an acute need for affordable housing in the country. All exemptions should be re-examined (and potentially removed).

**Q10: Are any existing exemptions not required?**

Please see response to Q9.

**Q11: Are any other exemptions needed?**

Rural exception housing proposals which are already well advanced in terms of the preparation of requests for pre-application advice and/or planning applications should be exempt from the requirement, as the need to factor in First Homes may limit their deliverability. Therefore, a clear start date for the change to the existing rural exception sites policies (paragraph 64 of the consultation document), set sufficiently far in advance to allow currently well advanced proposals for exception sites to progress without the need to factor in First Homes, should be provided.

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

**No.**

It is considered that the proposal to exclude Local Plans, which are submitted for examination within six months of this new policy being enacted, from being required to reflect the First Homes policy requirements may not allow sufficient time for LPAs to review the Plan's required viability assessment to assess both the introduction of the First Homes policy alongside other existing proposed affordable housing tenures, as well as the different market discount thresholds (i.e. 30%, 40%, or 50%), particularly for areas with high affordability ratios.

It is therefore proposed that the transitional arrangements are extended to exclude Local Plans that are within six (or potentially seven) months of starting their Regulation 19 consultation, thereby allowing those LPAs to progress their plan making on the basis of the viability work already undertaken. This would align with the suggested timetable for the transitional arrangements for the introduction of the changes to the standard method for calculating local housing need (please refer to Q7 above).

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

**Yes.**

Levels of affordability vary hugely across the country. In areas such as Tunbridge Wells, it is considered that, even with a 30% discount on market price, this may well be out of the reach of many local people wishing to buy their first home. Therefore, levels of up to 50% are likely to be beneficial.

Nevertheless, it should be noted that other existing affordable home ownership tenures offer a greater opportunity for entering the housing market. These include shared ownership, where a minimum deposit of only 5% of a share of a property (as low as 25%) can be purchased.

Again, referring back to Q12, increasing the threshold must be undertaken through a full viability assessment. Given the lengthy timescales involved with such testing, as per the response to Q12, it is considered necessary that the transitional arrangements be increased to exclude Local Plans which are within six/seven months of starting their Regulation 19 consultation from the need to plan for First Homes.

**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.**

A small proportion of open market dwellings (compared with the total number of exception dwellings being delivered) to be developed alongside the affordable units in order to cross-subsidise the exception housing is supported: this should only be allowed in identified exceptional circumstances.

More generally, it is considered that requiring exception site proposals to predominantly include First Homes (unless there is a “*significant identified local need*” for other affordable housing tenures) is insufficient in addressing rural affordability issues, particularly in ‘high affordability pressure areas’ such as Tunbridge Wells and in rural settlements, as even a 30% discount on market prices may still be unaffordable for many local, particularly young, people.

Consequently, it is suggested that exception sites retain flexibility to provide a mixture of affordable housing tenures, including intermediate housing/shared ownership and affordable/social rent that would be more suitable for local people and local needs. Particularly, it is considered important that exception sites deliver affordable housing tenures of a suitable mix where a need has been identified in a published local housing needs assessment, including both in a borough/district wide housing needs assessment and/or a local parish housing needs assessment.

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

**Yes.**

To boost the supply of affordable housing, where justified through a local housing needs assessment.

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

**Yes.**

It is agreed, subject to the ability to be able to continue to deliver exception sites for other affordable forms of affordable housing.

## **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? (see question 18 for comments on level of threshold)**

**No.**

The delivery of small sites contributes positively to housing supply across the country. This is exemplified in Tunbridge Wells:

**Table 6: Proportions of total completions from sites of different sizes in Tunbridge Wells borough between 2006/7 and 2018/9.**

<b>Site Size (Net)</b>	<b>Percentage of Total (%)</b>	<b>Units of Total</b>
Less than 10	36.51%	1,597
10 - 39	21.99%	962
40 - 49	5.74%	251
50+	35.76%	1,564
All	100%	4,374

This demonstrates that the significant levels of housing which have been delivered by sites within the threshold limits (up to 40, or up to 50) are significant: some 28%. Numbers of planning applications for 'minor' and 'major' development have remained consistent since April 2020 with equivalent months in previous years suggesting that SME developers are still actively pursuing sites. The only fall has been in the number of 'householder' applications.

The proposed is therefore strongly disagreed with: raising the threshold would significantly reduce the ability to deliver affordable housing across the country, including in boroughs such as Tunbridge Wells:

- As detailed in response to Q8, Tunbridge Wells is identified as being a 'high affordability pressure area'

- The Council's Housing team identified (August 2019) that there were some 870 households on the Register (see The Tunbridge Wells Borough Council [Housing Needs Assessment Topic Paper](#), which informs the current preparation of the Draft Local Plan, recent (June 2019)). This figure had remained fairly constant over the preceding three years
- Given the potential need for some 341 affordable homes per annum within the borough, a significant number of new homes need to be affordable
- Therefore, in order to help meet this need, a high affordable housing requirement (40% on greenfield sites and 30% on brownfield sites) is recommended in the Draft Local Plan, above the existing policy position of 35%.

The proposed approach of raising the threshold would therefore inevitably have serious implications on the delivery of the amount of affordable homes. Estimates for Tunbridge Wells are that the proposed changes would decrease the forthcoming supply of affordable homes over the coming five years by 25% if the threshold increases to 40, and a reduction of 31% if the threshold was 50. This is significantly higher than the 7-14% and 10-20%, respectively, estimated at paragraph 77 of the consultation document.

This would in turn have significant impacts on the role of housing associations that are dependent on the supply of new sites to deliver affordable homes. The Government will be acutely aware of the increase in demand by households for affordable housing due to the impact of Covid-19, particularly as economic difficulties are expected to continue to rise following the cessation of the furlough scheme.

Therefore, even for a limited period of time of 18 months, the increased threshold to up to 40 or 50 homes is considered significant in comparison to the adopted threshold in the NPPF.

Furthermore, the Government is urged to consider the option that, in the event that the proposed increased threshold is adopted, any schemes which are consented with nil affordable housing are subject to a condition requiring that the development starts on site within one year.

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

- i) Up to 40 homes**
- ii) Up to 50 homes**
- iii) Other (please specify)**
- iii) Other – 10, or less.**

The delivery of increased levels of affordable housing is, for many LPAs, a key priority. For the reasons set out in the response to Q17, increasing the threshold is not supported, and therefore it should remain at 10, or indeed be reduced beneath this for high affordability pressure areas.

In the event that the threshold is lifted, it should be to up to 40 homes. For the period 2017/8-2019/20, 21% of units consented on sites of 10-39 units were under the control

of national/regional building firms, whereas the equivalent figure is 32% on sites of 10-49 units.

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

**No.**

The reasoning for strongly not supporting the increase in the threshold of unit numbers (as provided in responses to Q.17) are applicable here.

**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.**

For the reasons set out in response to Q.17, the raising of the threshold is not supported for any length of time. It is worrying that reference is made to “*an initial period*” in the question.

If it is raised, this should be for the shortest period of time. Eighteen months, or ideally less, should be ‘long stop’, with the potential that it is returned to 10 prior to the long stop date if the economy improves or if, at say a six-monthly review, it has proved less effective in boosting housing supply or delivery on sites controlled by SMEs (and not national house builders).

As set out in response to Q17, it is recommended that any developments consented with nil affordable housing during this period have a one year date for commencement on site, so that any economic benefits can be realised in the short term.

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

The principle of any approach to minimise the effects is likely to be welcomed, but at this point it is impossible to say, as details of the approach have not been provided.

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

Yes, strongly. Maximising the potential to deliver affordable housing, for the reasons set out in response to Q17, is of paramount importance.

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

**Yes.**

- (Most importantly) increase access to finance further for SMEs, both to finance the costs of ‘pre-development’ work, and then through the build until occupation

- Provide the (short term) funding for statutory consultees to respond to consultations on planning applications more promptly, which is often the cause of significant delay in the determination of planning applications
- Incentivise infrastructure providers to forward fund and deliver infrastructure promptly, thereby removing considerable uncertainty for SMEs
- Increase dedicated funding for 'conditions' officers at Local Planning Authorities (perhaps through an increase to planning application fees which must be ring fenced for these roles), so the determination of 'details' submitted after a grant of planning permission can be more rapidly determined and resolved.

## **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?***

**No.**

There is a fine balance between the level of information required to appropriately assess a proposal for development, and the costs associated with preparing that documentation.

This is demonstrated in the consideration of allocating sites in the production of a Local Plan: regardless of the overall suitability of a site, it is quicker for a LPA to assess those sites where there is more information (particularly in relation to vehicular access and landscape) provided by a promoter than those for which there is none.

The Permission in Principle (PiP) regime requirements are very much at the lower end of the scale (i.e. minimal information). This means that LPAs, consultees, stakeholders, and interested local residents and businesses have to make judgements and decisions with little information. Whilst this can be achieved for minor development, given the increased (and wider) impacts this is much more problematic for major development (including 'smaller major development'). The level of assessment and liaison with stakeholders and consultees when considering whether a site is suitable (through planning policy formation) is significant.

It is anticipated that the assessment of major development proposals through the PiP regime is likely to result in relatively high levels of refusals purely because key judgements on impact will not be able to be made. This is particularly the case when assessing the maximum number of dwellings on a site.

Reference is made in the consultation document (paragraphs 95 and 120) to the fact that SMEs may ("*should*") be able to better access finance to prepare a technical submission following the grant of PiP, although this is not evidenced. However, the approach of a PiP followed by technical consent would not necessarily speed up the overall process, given the timescales involved in preparing a Technical Consent application.

If adopted, this reform needs to ensure that the relevant guidance is clear as to the extent of information that will be required in the technical details consent stage, so that this is not underestimated by developers and landowners. Policies for allocation of land

for major development in Local Plans carry significant weight as to the provisions expected from that allocation and the proposed reform should ensure that the grant of PiP for major development does not steer the scheme away from those provisions or does not reduce flexibility and ability to quickly respond to changing circumstances.

It is also strongly considered that a longer determination period be provided (13 weeks) for major development proposals, rather than the five-week determination period that applies to the current minor PiP applications. This is due to the need for LPAs to ensure that the assessment of larger sites in terms of their characteristics and constraints are carried out thoroughly and robustly, and that statutory consultees can provide their necessary and required views. This process is key to ensuring that there are no constraints that would prevent development and clarifying the level of information that will be required as part of the detailed consent stage having regard to the requirements of any relevant planning and land allocation policies. A longer timescale is also necessary to enable such applications to be determined by Planning Committees: a key element of the operation of the national planning system.

Further comment on the need for a longer consultation period is set out in response to Q28.

If this is brought forward then sites within Conservation Areas, the AONB, Green Belt and Flood Zones 2 and 3 should be excluded from the consenting regime, because of the need to consider the particular policy tests which apply to these designations.

***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)?***

**No.**

Whilst there could be some guidance on the amount of commercial or any other non-residential development as part of the new PiP for major development, for the reasons/comments provided in response to Q24 above, it would be unrealistic to set a limit to the amount.

This is particularly relevant given the unforeseen market changes or the type of development that will apply to that specific area.

The amount proposed for non-housing development can only be justified at detailed application stage taking into account the needs of the area and how it would integrate with the main residential development without creating unacceptable impact on the locality.

***Q26: Do you agree with our proposal that information requirements for Permission in Principle by application for major development should broadly remain unchanged?***

**No.**

As set out in response to Q24, the ability and speed with which the suitability of a site can be made is improved by the provision of appropriate information.

Therefore, the ability to make informed decisions on the suitability of the site for development, on the minimum and maximum number of dwellings or the amount of non-residential development by all parties (the LPA, consultees, stakeholders, residents, etc) will be vastly improved by the provision of sufficient information on environmental issues/material considerations of that particular site, and how those issues would be addressed. This is not suggesting that the plethora of reports provided in support of applications for Full or Outline planning permission are required, but as a minimum it should include:

- Information on the position of the potential vehicular access(es), and the extent of land surrounding these which is under the applicant's control (to ensure that potential visibility splays can be secured). This is absolutely fundamental
- A land use plan showing broad areas of housing with likely densities, landscaping, and other uses
- Maximum height (as this is a key determinant as to the potential impact on the landscape or built environment)

It is also worth recognising that any landowner or developer who is aware that their site may be suitable for residential development will have undertaken their own assessments of capacity, constraints, etc to inform their own views before proceeding with the time and expense of a PiP application. The information set out above will be the minimum undertaken by the landowner or developer in any event, so is not putting them to extra cost.

**Q27: Should there be an additional height parameter for Permission in Principle?**

**Yes.**

As set out in response to Q28, this is key judgement in determining the acceptability of a proposal (in principle), so that judgements can be made relative to the character of the surrounding area.

However, of more (indeed fundamental) importance is the indication of where vehicular access could be taken, and the extent of land controlled around this (to ensure that visibility splays can be achieved).

**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**

## **ii) subject to a general requirement to publicise the application**

It is understood that the vast majority of residents and businesses become aware of planning applications through 'email alerts' or other forms of digital communication where they have registered on a Local Authority's website, by site notice, letter, or from reviewing the 'weekly list', rather than by newspaper advert. Given this, together with the lengthy timescales to advertise in a newspaper, means that this is not practicable.

However, it remains fundamental that local residents and businesses are aware of, and able to provide comment on, proposals for development – particularly major development which would potentially have far reaching effects (even if a 'smaller major development' of up to 150 homes). Therefore, applications for PiP should be subject to requirements of provision of site notice and/or neighbour letter.

The assertion in paragraph 100 of the consultation document that a 14-day (rather than 21-day) consultation period will "*largely work*" for major developments is strongly disputed. The effect of this would be to ask for views in a truncated period of time, on the basis of minimal information, about proposals that will potentially have widespread and deep impacts. As a minimum this should be a 21-day period, and (as set out in the response to Q24) the overall period for the determination of a PiP application for major development should be 13 weeks.

Furthermore, applicants should still engage in pre-application consultation (as required by the Localism Act) before making an application under the PiP procedure.

### ***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.**

This would reflect the banded fee structure associated with applications for Outline planning permission. However, it is queried why there is a differentiation in band between sites of less than one hectare and 2.5 hectares given that this is not split for applications for Outline planning permission: no justification for this is given, and this would suggest inconsistency with the approach and reasoning for the fee structure for Outline planning applications.

However, it is fundamental that a) the level of fee is appropriate (see Q30 below) and b) that the fee arrangements for Technical Consent remain as they are at present (i.e. akin to first Reserved Matters).

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

The assertion at paragraph 113 of the consultation document that "*lower fees are reasonable because a LPA only needs to make a decision on the principle of development, not on the technical details of the development like a normal planning application*" is strongly disagreed with: this is contrary to experience of resourcing and costs of assessing and determining proposals for development.

As set out in response to Q24, when considering the principle of whether a site is suitable for allocation, it is more problematic and requires higher level of officer resource when the level of information provided is minimal. It is envisaged that this will be the case in relation to applications for PiPs for major development, as compared to applications for Outline planning permission.

In order to make an informed judgement, LPAs will have to provide additional officer resource to undertake the necessary work to ascertain the proportionate level of information that would usually be provided through documents supporting an application for Outline planning permission: i.e. the cost is shifted from the applicant to the LPA. This is amplified given the proposed timescales, requiring the provision of extra resource to meet the shorter timetable.

Therefore, as a minimum, the level of fee for sites of up to 2.5ha, and 2.5 ha plus should not be lower than the equivalent for Outline planning applications, and indeed should potentially be higher. It is only through a time/cost analysis of applications for PiP for major development that the fee structure can be set: it is recommended that if the new consent regime is introduced that, for the initial period, it operates on the basis of the fees for Outline applications.

A clear timetable should be given for pilot authorities to monitor the time/cost of assessing and determining such applications, with changes to the fee structure coming after that.

***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?***

**Yes.**

Given the purpose and provisions of the Brownfield Register this is considered to be appropriate.

***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.***

Guidance on the following would assist:

- If the suggestions above – in response to Q24 - that the PiP regime cannot operate (for major development) in areas designated as Green Belt, AONB, areas of flooding etc are followed, it would be helpful to have justification and reasoning as to why (to inform potential applicants)
- If these suggestions are not followed, it would be helpful to explain that the LPA is unlikely to be able to grant PiP as major development proposals will (on the limited information to be provided as part of such an application) be highly unlikely to be able to demonstrate that the national and local policy tests associated with these designations can be satisfied

- Guidance that the applicant needs to ensure that safe and adequate access can be taken to the site, and what a developer/landowner should do when preparing the application to inform this
- How the LPA's position in terms of housing supply or performance on the delivery test should be given weight in determining such applications
- A detailed list of considerations that may need to be addressed as part of the technical details consent stage
- That the option to seek pre-application advice on permission in principle applications exists, and is encouraged
- Information on how applicants can undertake public consultation, particularly prior to the application stage, and the importance of a LPA's Statement of Community Involvement.

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

It is acknowledged that the proposals are seeking to provide developers and landowners (and financiers/funders) with increased certainty that sites are suitable for residential development in principle, and to minimise any costs. The importance of certainty in the development process and industries is recognised.

However, the pre-application process offers a cheaper and more iterative alternative at present, if operated appropriately by a LPA:

- Developers and landowners can engage with the LPA through pre-application process (for normally a lower fee) to gain informal advice on the principle of development, and if positive, a full/outline planning application can be made subsequently
- The pre-application process also enables LPAs to provide clear advice as to the scope and extent of supporting information required as part of an application, particularly if most matters are 'reserved'. This has the effect of minimising the amount of expenditure in preparing an outline application.

Conversely, the potential costs are considerable:

- Ultimately, less certainty for landowners and developers:
  - As detailed in response to Q24, it is anticipated that there will be a relatively high rate of refusals, for the reasons set out in that response.
  - A 'refusal' on a planning history could potentially reduce the chance of financing/funding, as it is seen as increasing the 'risk' factors associated with a site
- loss of public confidence in the planning system that significant proposals for development can be agreed through a truncated process, based on minimal information and with more limited opportunities for community representation and Member decision-making than exists in most other forms of application
- Impact on LPA finances and resources if the fee level is not appropriate, as set out in response to Q30;
- If a PiP is granted for a maximum number of dwellings which is higher than the further work undertaken for Technical Consent stage subsequently indicates can

be achieved, this could artificially raise land values, potentially causing subsequent problems for developers in terms of their 'option agreements' on the land. This similarly can also raise issues in terms of 'cramming' on sites at Technical Consent stage, with associated symptoms of overdevelopment.

***Q34: To what extent do you consider landowners and developers are likely to use the proposed measure?***

**To a minimal extent.**

As set out in response to Q17, 36.5% of net completions from 2007/8-2018/9 in Tunbridge Wells came from 'minor' sites: i.e. those less than 10 units.

Since the introduction of the PiP consenting regime for minor developments, TWBC has received three applications:

- Two were for adjacent sites, both for one dwelling. These were granted
- The third was for nine dwellings and was refused

It is considered that the minimal take up and use of the PiP approach (two additional dwellings), despite the fact that small sites accounts for such a significant element of housing delivery, is telling. Furthermore, TWBC is well advanced with its Local Plan, with Regulation 19 consultation due to start in March 2021. This will provide developers and landowners of suitable sites, assessed through a thorough and robust process, with certainty.

***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?***

**No comment**