

Local Government Association (LGA) submission to DCLG consultation on proposed changes to national planning policy



22 February 2016

The Local Government Association (LGA) welcomes the opportunity to respond to the DCLG [consultation](#) on proposed changes to national planning policy.

The LGA is here to support, promote and improve local government. We will represent local government and support councils through challenging times by making the case for greater devolution, helping councils tackle their challenges and assisting them to deliver better value for money services. www.local.gov.uk

This response has been agreed by the LGA's Environment, Economy, Housing and Transport (EEHT) Board. The EEHT Board has responsibility for LGA activity in relation to the economy and environment, including: transport, employment and skills, economic development and business support, housing, planning, waste and climate change.

Key messages

- The LGA welcomed the National Planning Policy Framework's (NPPF) introduction in 2012 and the focus away from centralised guidance onto clear, up-to-date and well-evidenced local plans. An effective democratically-led planning system is critical to good place-making that drives growth and prosperity.
- Planning is not a barrier to development and councils continue to approve development with almost nine in every 10 planning applications being granted permission. In the year to March 2015, councils across England granted permission for 261,000 new homes – the highest annual total for 8 years¹.
- The LGA supports the Government in its ambition to increase housing supply. Councils want to play a lead role in building new homes and developing a locally responsive mix of tenure, which includes social housing and affordable homes for families not ready to buy.
- Councils should maintain the levers to determine the number, location, type and quality of starter homes based on a site by site basis, based on local assessment of needs and viability. Local planning authorities should not be instructed to approve the development of starter homes where they do not meet needs, and where they might displace other sub-market products that do meet that need.
- Public backing for new housing development is best secured through a stable, locally accountable decision making process. Government should continue to support a locally-led planning system, introducing a stable long-term framework evaluating the operation and impact of the NPPF and local plans².

¹ <https://www.gov.uk/government/news/quarter-of-a-million-homes-granted-planning-permission>

² <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/communities-and-local-government-committee/operation-of-the-national-planning-policy-framework/written/9364.html>

Briefing

Starter homes

Local discretion will be crucial in ensuring that councils, in their role as local planning authorities, can determine the number, location, type and quality of starter homes delivery based on the assessed needs of local residents.

-Defining starter homes as affordable homes

Every local housing and employment market is different and it is important that homes defined as affordable can be accessed by people in need of affordable housing in that area.

Nationally set definitions and determinations are unlikely to best address local circumstances in a large number of areas. We would therefore have concerns with broadening the definition of affordable housing to include starter homes in national planning policy, should local planning authorities not have the flexibilities to determine the numbers, location and types of starter homes alongside other sub-market housing.

Research for the LGA by Savills shows that starter homes will not be affordable for many people who are in need of affordable housing in 220 council areas (67 per cent), and that starter homes would be out of reach for up to 90 per cent of people in need of affordable housing in a further 80 council areas (25 per cent). This is based on defining people in need of affordable housing as those that have to spend over 30 per cent of their household income to rent or buy a home.

-Additionality

Local government is right behind the government's intention to increase overall housing supply, and we want to ensure starter homes can contribute alongside other housing options.

There is a risk that starter homes delivered through the planning system are unlikely to be additional and may displace other sub-market products, particularly affordable homes for rent of which there is an undersupply in many local authority areas. We welcome the government publishing its own analysis published alongside this consultation, suggesting that for every 100 starter homes built through the planning system between 56 and 71 sub-market rented homes will not be built. It is crucial that councils can determine the mix of different sub-market products in their Section 106 negotiations with developers on a site by site basis.

Locally led delivery will also enable councils and developers to balance the delivery of starter homes alongside other home ownership products. Without it there is a risk that starter homes could also displace help to buy sales and existing open market sales aimed at first time buyers. There might even be the risk that prioritising starter homes, and narrowing the focus to first time buyers, could lead developers to reduce supply. Should starter homes be intended to increase the overall amount of affordable housing, councils may want to set out a higher ambition for delivering affordable housing.

-Delivery

Starter homes could make a valuable contribution to the mix of housing options, but local planning authorities must maintain the levers to deliver them alongside other housing products in a way that addresses need identified locally as part of the planning process.

We would have concerns where proposals to strengthen the national presumption in favour of starter homes may not fit with local housing need. For instance proposals to: extend the exception sites criteria for starter homes to include unviable or underused

retail, leisure and non-residential institutional brownfield land; to require starter homes to form a significant element of housing on mixed use developments; and to require a proportion of starter homes to be delivered on all suitable reasonably-sized housing developments.

Local planning authorities are uniquely placed to balance housing delivery with wider strategic place-making, stimulating growth and building capacity in supporting infrastructure. These factors are often crucial in buying local communities into supporting development. We would therefore express concerns with exempting Community Infrastructure Levy contributions to support the funding of the discount, and to require building on employment land which might not be the best long-term use of that land.

-Discount

Local government is committed to efficient use of public funds, and in creating affordable products that benefit as many families as possible in each local area.

It is proposed that starter homes can be re-sold or let at open market value five years after the initial sale, with additional receipts retained by the homeowner. This creates a time restriction on the period that the home can be defined as affordable, and misses an opportunity to pass on the benefit to other families.

Councils pioneered the delivery of low cost home-ownership schemes, and almost universally offer the discount in perpetuity. We suggest that the government extend the benefits of starter homes as far as possible by either retaining the discount in perpetuity, extending it for a longer period (for instance 20 years), or enabling local planning authorities to negotiate a discounted time period on a site by site basis.

Government might also explore requiring purchasers of discounted starter homes to purchase the remaining stake of the property over time, with the receipts retained by councils to invest in infrastructure and new homes. This model could be trialled through the devolution deal process.

-Design and quality

It is in everyone's interests that starter homes are built to good standards as part of well designed, well connected places that people want to live; and so it is important that councils have the levers to ensure this.

The majority of starter homes will be delivered through the planning system without direct government subsidy. It is likely that the majority of the discount will be funded as part of scheme viability i.e. requiring developers to take into account starter homes requirements in taking developments through the planning process.

Without safeguards this could risk developers compromising on the quality of starter homes in order to deliver numbers. It is therefore important that councils are able to guarantee good quality design through the planning process as part of discussions over viability.

Increasing residential density around commuter hubs

Paragraph 47 of the NPPF states that local planning authorities should 'set out their own approach to housing density to reflect local circumstances' and therefore we are not sure the proposed revisions are necessary. Local planning authorities should be able to continue to decide the right levels of density for new development across their local area based on local context - for instance higher density standards may lead to specific types of housing (such as flats) for which there may not be the demand, which would impact on the potential of other more locally appropriate developments.

Supporting new settlements

Paragraph 52 of the NPPF states that local planning authorities should consider whether larger scale development, such as new settlements or extensions to existing villages and towns, would provide the best way of achieving sustainable development. On this basis councils are working with developers to plan for and deliver new settlements and/or urban extensions as appropriate for the local housing market.

Any greater policy support for new settlements should be provided alongside a package of further support measures to enable the successful delivery of new settlements. This would include flexibilities in Local Plan production, mechanisms to facilitate land acquisition, processes to facilitate greater land value capture for infrastructure delivery and greater funding support from government to ensure that critical infrastructure and services can be delivered early to create sustainable communities.

Supporting housing development on brownfield land

Local government shares the government's ambition of bringing forward brownfield land as a priority. The NPPF includes a 'presumption in favour of sustainable development' as a key principle. 83 per cent of councils already have a published Local Plan and therefore identify land, including brownfield land that is suitable for housing.

Councils are keen to do more to encourage development on brownfield sites, they are working with the government on developing a brownfield register, and would support the introduction of a sequential test for brownfield land that would enable councils to encourage developers to prioritise building on brownfield.

We are keen to build on good practice within a stable planning system, and so are therefore unclear of the need to strengthen national policy to give a 'presumption in favour' of brownfield land for housing or how the current consultation is proposing this will be achieved. In our view there should not be an automatic assumption that brownfield sites are suitable for residential use without enabling councils to consider issues such as location and the capacity of supporting infrastructure.

Supporting housing development on small sites

Councils recognise the importance that small sites can play in helping to meet local need for housing and for helping stimulate the SME builder industry, which will be crucial to increasing supply over the medium term. Councils will need to consider the cumulative impact of small sites coming forward alongside other sites on the capacity of local supporting infrastructure. The NPPF already includes a 'presumption in favour' of sustainable development, and so we are not sure that the proposal to strengthen the policy on development of small sites for housing is necessary. Additional requirements to require councils to identify small sites would lengthen the plan making process and require additional resources.

Ensuring housing is delivered on land allocated in plans - housing delivery test

The drivers of housing delivery are complex and often beyond the influence of the planning system. For instance they include access to finance, the house-building market profile and behaviour, land affordability, availability of skilled labour and materials.

Councils approve almost 9 out of 10 planning applications and want to see them built out as soon as possible, often sharing the government's frustration where delivery does not meet forecasts set out in Local Plans. However it is important that data on housing delivery is accurate. Local authorities often suggest national government data underestimates housing completions.

We would welcome further discussion with government and developers around the different options or levers that can enable councils to help sites be built out more rapidly, such as incentivising use of Compulsory Purchase Order powers. In our view, government and councils should jointly review the evidence, good practice, and options for

incentivising build out before applying a delivery test on councils, which could result in government intervening in directing new sites.

This will need to be set in the wider funding context of local planning authorities, which are significantly under-resourced as a result of funding reductions and restraints of fee charging.

Transitional arrangements

Transitional arrangements will be required for the proposed change in the definition of affordable housing. The changes will place extra duties on already stretched council departments, and will slow down the preparation of existing plans unless extra duties are funded.

It is indicated that local planning authorities could use the Planning Inspectorate's fast-track process for carrying out partial reviews of local plans. It is important that reviews reflect the needs of local communities and the fast-track review process is unlikely to cover issues which are fundamental to a plan, such as housing strategies.

Timing

It is difficult for local government to fully respond to many elements of the consultation in the absence of further detail on other housing and planning reforms. We would encourage government to regularly and openly consult with councils and our partners in developing the detail of policy.