

HIGHBURY GROUP ON HOUSING DELIVERY

RESPONSE TO CONSULTATION ON CHANGES TO THE CURRENT PLANNING SYSTEM

Introduction

The Highbury Group comprises an independent group of specialists from the public, private and independent sectors with a membership drawn from housing, planning and related professions; it offers advice and makes representations to Government and other agencies on a variety of subjects, with the aim of maintaining and increasing the output of housing, including high quality affordable housing (see footnote).

Paras 3-44 Standard method of assessing housing numbers in strategic plans.

The Group has been critical of the pre-existing methodology. Two changes are proposed:

1) that the baseline should be the highest of the current projected 10-year household growth based on national projections (as at present) OR 0.5% of the existing housing stock. The logic is unclear but would assume a 0.5% stock replacement factor (which would imply a property life of 200 years), even where the number of households in an area was falling. It would act as a disincentive to development, as a local authority supporting increased development would see its future target increased as new building had increased the stock and therefore increased in numerical terms the 0.5% stock factor.

2) that the income: house-price affordability ratio should reflect not just the static position but a measure of how affordability as defined by this ratio has changed over 10 years – the logic being that housing supply should be increased most where the affordability ratio has worsened. The past assumption of a direct link between new housing output and affordability (for which the evidence is fairly limited) remains.

The proposal does not deal with a number of deficiencies in the pre-existing approach, including:

- a) the failure to account for plan led or employment led growth in an area above the historic trend (or conversely for reduced population arising from higher out-migration);
- b) the lack of consideration of demand for different types of sub-market housing, including social rented, which is assumed to be incorporated in overall target;
- c) there is no consideration of different unit types in terms of dwelling size, including backlog in unmet housing need and homelessness;
- d) there is no recognition of use of existing stock, ie: vacancy; second homes; under-occupation; overcrowding; and
- e) there is no recognition of constraints on residential development capacity within a LA area – there is no reference to housing market areas or collaboration between planning authorities within a housing market area. The assumption is that both housing needs assessment and housing delivery are self-contained within a LA area.

Any assessment of housing requirements has to be based on a survey of housing needs within an area. The approach should also relate to the outcomes sought from housing development. The use of a formula or algorithm is an inadequate substitute for the use of data collected from a survey. It is recognised that data on council waiting lists is no longer available on a consistent basis, but data on homelessness, including rough sleepers and households in temporary accommodation, is still of some value and should be incorporated in any assessment, assuming that it remains a government priority to rehouse the homeless households in permanent accommodation. Assessments have to be undertaken on a consistent basis so that sub-regional, regional and national figures can be aggregated. Central government needs to improve its collection of administrative data, to update its guidance on housing needs assessment and to provide local planning authorities with the resources to carry out the required housing needs survey.

The methodology proposed by the government produces housing targets which bear no relationship to the development capacity within a specific area, and in some districts are far in excess of identified development capacity. There must be a distinction between any assessment of housing requirements (whatever methodology is used) and the potential to deliver new housing estimated from an assessment of residential development capacity within an area. Any target for the number of homes to be developed within an area must take into account an assessment of development capacity, which should be undertaken through a Strategic Housing Land Availability Assessment (SHLAA), which should incorporate a wide range of factors, including social, economic and environmental sustainability criteria. Additionally, there must be a mechanism for identifying development capacity where capacity within a Local Planning Authority Area is insufficient to meet the housing requirement identified. This is why it is essential that assessments of both requirement and capacity should be undertaken on an inter-authority housing market area basis and why a governance mechanism is required for determining allocation of housing targets across this wider area which respond to the assessment of requirement and are deliverable. The Highbury group is happy to provide advice to MHCLG on an appropriate deliverable approach to assessing housing needs for strategic plans at local and sub-regional level (based on Housing Market Areas) and how to establish a governance regime which allocates housing targets to districts having regard to development capacity in each local planning authority area. We are concerned at the current focus of Government on total housing unit targets, whereas a housing market assessment based approach in line with pre-existing Government guidance would have a much greater focus on issues of size, built form, quality, affordability and location of new residential development.

Paras 45- 67 Delivering First Homes

This proposes to set a 25% target as a proportion of affordable housing to be secured through developer contributions/ s106 agreements. There is no reference to any local assessment of requirements for this product, which assumes minimum 30% discount on market value (with option for LA to increase to 40% or 50%). The group has in the past opposed a fixed proportion of affordable housing or of a specific sub-type of affordable housing being set nationally, as we have argued that the proportion should be set locally in terms of the local demand for this specific product relative to other forms of sub-market housing including social rent. A fixed percentage will shift indirect subsidy from forms of sub-market housing for which there may be a greater need. It also removes the ability of a planning authority to determine which sub-market housing needs are the greatest priority. We have also previously opposed the exemption of First Homes from the Community Infrastructure Levy, which would in effect be another form of indirect subsidy to developers and first-time buyers, who would no longer be required to contribute to local transport

and social infrastructure from which they benefited. We do not support the proposal. It should be noted that this proposal would only operate in the short term as the Planning for the Future White paper proposes the limitation or abolition of s106 agreements.

Paras 68- 84 Supporting small and medium size developers and small sites planning policy

It is proposed that LAs have the power to exempt small and medium size builders from Community Infrastructure Levy. The proposals appear to assume that small sites are built out by small developers. No evidence is provided for either this assumption and proposed differentiation between smaller and larger developers in terms of liability for a levy. The paper proposes the raising of the 10 unit threshold for application of affordable housing requirements to 40 or 50 units. There is no evidence given to demonstrate that the profitability of a development per unit is driven by the size of the development. It is noted that the proposal is for a short-term change in the threshold, but does not set out what criteria would be applied for determining either its termination or its extension. The consultation paper recognises that the raising of the threshold will reduce affordable housing output. The proposal not only lacks justification but the consultation paper itself acknowledges the negative impacts on a key policy objective. Where it is impractical to provide affordable housing within a small site, the Local Planning Authority can seek an in lieu financial contribution from the developer to provide affordable housing units on an alternative site. This approach is widely used, and was incorporated in the Mayor of London's Supplementary Planning Guidance as early as 2005. The Highbury group has in the past opposed the raising of the threshold, primarily for these reasons and has argued that a local authority should have the power to reduce the threshold below 10 where this can be justified in a high demand and/or high value area, where affordable housing on small sites is required to deliver housing targets. The raising of the threshold is also in conflict with the objective of developing mixed tenure schemes. We therefore do not support the proposed exemptions or the raising of the threshold.

Paras 85- 122 Extension of the Permission in Principle (PiP) consent regime

PiP currently applies only to sites on brownfield registers and sites with a capacity of up to 10 units. It is proposed that the PiP procedure is extended to large sites. The paper makes no reference to the existing Outline Consent regime or demonstrates why PiP is required for large sites in addition to this regime. The proposal is to limit the information required for a PiP application and debar a LA for seeking information on matters such as tenure/affordability; space and environmental standards; dwelling type and bedroom size mix. The paper also raises the question as to whether or not PiP should include height limits. The Highbury Group has in the past opposed the introduction of Permission in Principle as it has considered that the Outline Consent procedure can meet the required objectives, and that policy compliance on a range of matters including those specified above, is not just a technical matter and should be subject to a detailed consent regime. We therefore do not support the proposed extension to the PiP system.

Footnote

The Highbury Group is an independent group of specialists from public, private and independent sectors from housing, planning and related professions, which prepares proposals for Government and other agencies on policy options for optimising the output of housing including affordable housing.

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