RECESSIONARY TOOLS FOR PLANNERS

The following options are only properly available if:

a) a development is not compliant with policy

and/or

b) a development is not financially viable

Note that state aid concerns will have to be considered for some of these mechanisms unless a clear and consistent policy approach underpins it.

1 Short Term Consents

Since economic circumstances are changing so fast, consider:

(a) setting a condition requiring the development to commence within 6/12 months and providing for the "balance" of the consent to expire if reserved matters/stages of construction have not been reached by particular dates;

(b) in single building projects, requiring an unconditional contract to be let for construction within a fixed period.

2 Smaller Consents

If policy non-compliance is agreed then consider granting consent only for the first phase of a development, perhaps requiring new applications in due course.

3 Bounce back

Allow a temporary relaxation of standards (affordable housing/contributions/sustainability standards) with the requirement "*bouncing back*" to policy compliant standards after a set period of time if development has not been begun/completed.

Consider tapering/stepping the process of bounce back.

4 Review Mechanisms

There are many different possible review mechanisms, with advantages/disadvantages to each. Few have been genuinely market tested and the implications for both banks and future developers need to be considered.

Note that a key issue is whether the review will lead to additional contributions/works, or whether it is meant to affect the design of the scheme by, for example, increasing levels of affordable housing. If the latter then the review will have to take place prior to the submission of reserved matters.

Options include:

(a) an open book re-appraisal, perhaps phase by phase/year by year, to establish additional benefits;

(b) a review by reference to limited variables such as:

(i) land sale values;

(ii) average sales/rents per square foot

(iii) unit by unit sales anticipated/received;

(iv) all revenues.

Note that the increased profits/revenues will need to be split and/or translated into the provision of additional units/works.

5 Top-up Schemes

Consider preventing the developer being able to build out the final phase/percentage of units/floorspace unless their development would otherwise be unviable. When application is made afresh for the unbuilt final phase then full obligations can be imposed.

6 Service/Planning Charge Regimes

The planning authority receives a regular payment from future occupants.

This could be unconditional (in which case the mechanism is a form of deferral) or it could be conditional on property values/indices reaching agreed thresholds.

7 Deferrals

This does not reduce the overall liability but can assist developer cashflow.

If obligations are deferred then consider whether they should be re-benchmarked against the then existing policy requirements at the time of payment/delivery.

8 Equity/Land Stakes

A planning authority could take an equity stake in the scheme as a planning contribution so that it benefits from future land value enhancement.