

Government's Housing Policies October 2017

From the Planning magazine:-

New housing need formula

The Government set out its proposals to simplify the process for assessing housing need. The proposals envisage a three-stage calculation, which uses the official projections of housing growth for a local authority as a baseline. That figure is then adjusted according to local housing affordability. The third stage is a cap, limiting increases in objectively assessed need (OAN) in authorities with a plan adopted in the last five years to 40 per cent above the annual need set out in their local plan. For those without an up-to-date plan, the cap is set at 40 per cent above household formation projections for the period in question.

Unveiling the proposals, Javid said that the proposed formula would deliver an "honest, open, consistent approach to assessing local housing need". But the proposed formula has an enormous impact on the numbers for many authorities, particularly in expensive areas of London and the South East. Several London and Home Counties authorities will see their OAN figures rise by 40 per cent, and the increase would be a lot greater if it was not for the cap.

In total, 156 authorities will see an increase in OAN. The average increase for these authorities will be 35 per cent. Catriona Riddell, strategic planning specialist at the Planning Officers Society, which represents senior local authority planning officers, said: "There are definitely planners at authorities out there with a 40 per cent increase that have their head in their hands. They can't even meet the current estimated need." Meanwhile, authorities in some deprived areas face big falls in OAN - with Barrow-in-Furness having, for example, a predicted need that would fall from 133 homes per year to zero.

The idea of a standard methodology was proposed in the government-commissioned Local Plans Expert Group review. Former local authority planner and LPEG member Derek Stebbing, now of consultancy Intelligent Plans and Examinations, said the simplicity of the proposed calculation could potentially "take a year off local plan preparation". He said: "The strategic housing market assessment process (SHMA) is flawed, as the public can't understand it. This highly transparent method potentially transforms the profession away from being some kind of dark art."

The consultation proposes that the new formula applies to all plans submitted after 31 March 2018, which experts say may prompt a rush of submissions prior to that date. Councils will be allowed to include higher housing need figures than dictated by the formula, but not lower ones - except on "very limited grounds". Roger Hepher, director of consultancy Hepher Grincell, said this might drive authorities to consider garden villages or towns. "Many authorities are otherwise going to struggle to find the additional land, and will become vulnerable on appeal," he said.

For more deprived areas, the low housing need produced by the formula may make it harder to plan for economic growth, said commentators. Mark Sitch, senior partner at consultancy Barton Willmore, said: "The potential is it will limit growth in the North, because I suspect local politicians will want to run with the lower number."

Many suspect a political fight to implement the plan, particularly in green belt-constrained shire counties. Riddell said: "The more the numbers go up, the more there's going to be a backlash. The idea that if you simply increase housing numbers in an area it becomes more affordable is rubbish." Matthew Spry, senior director at consultancy Lichfields, said: "Previously the system allowed government to be one step removed from the process of creating the housing number. Now the government's fingerprints will be all over the number." Sitch said the formula is too crude and needs to take into account employment growth. "It's got so simplified it perhaps undermines the original intention. There is a question whether politically it can be delivered."

Javid said this calculation of need is merely a "starting point" for determining the overall housing requirement in a plan, again potentially reducing its impact. Riddell said: "If you're Tandridge (in Surrey) the new figure is 37 per cent above your assessed need, but it's actually five times the

figure on your last local plan. But it doesn't change the fact Tandridge is 94 per cent green belt. Most of these areas are highly constrained, so in one sense this is fairly academic."

The formula's impact on assessed need will be most drastic in London. It raises the capital's assessed need from the 49,000 in the current London Plan to 72,000. But the London Plan's capacity numbers are constrained by availability of sites to 42,000 anyway, suggesting a significant uptick here is unrealistic without a relaxation of green belt policy that both the government and London's mayor oppose. Antony Pollard, director of economics at consultancy Turley, said: "An interesting question will be the extent to which London plays ball. The green belt is definitely the elephant in the room."

The consultation attempts to address this issue of capacity by also proposing neighbouring authorities must prepare a Statement of Common Ground demonstrating how they will meet "housing and other needs" across boundaries. But Spry said: "The statement of common ground doesn't address the London or Birmingham questions of how to address unmet need in whole housing market areas. It doesn't remove the difficult decisions."

Housing delivery test introduction is to be delayed

The housing white paper, published in February, had proposed that the housing delivery test would be introduced in November 2017.

The test is intended to assess housing delivery - measured using official figures for net additional dwellings over a three-year period - against councils' housing requirements.

The white paper said that the test will "highlight whether the number of homes being built is below target, provide a mechanism for establishing the reasons why, and where necessary trigger policy responses that will ensure that further land comes forward".

But when questioned this week on the timing of the test's introduction, the Department for Communities and Local Government (DCLG) would say only that it would be introduced, "as planned, in 2018", indicating that the proposals to introduce the test in November have been abandoned.

Despite repeated questioning, the DCLG would not provide further details of the change to the timetable, including how it would affect the proposed "phased introduction" of sanctions under the test, which would see penalties for under-delivery getting progressively tougher over time.

The housing white paper had proposed that, from November, local planning authorities whose delivery falls below 95 per cent of their housing requirement should be required to publish an action plan.

It added that, if delivery of housing falls below 85 per cent of the housing requirement, authorities would be expected to plan for a 20 per cent buffer on their five-year land supply, if they have not already done so.

From November 2018, the presumption in favour of sustainable development would "apply automatically" in authorities where delivery falls below 25 per cent of the housing requirement, the white paper proposed.

The white paper had said that the government would introduce the new test in November 2017 through changes to the National Planning Policy Framework (NPPF) and associated guidance.

But the timetable for publishing a revised version of the NPPF has slipped. In July, chief planner Steve Quartermain said that the government is likely to be working on revisions to the NPPF "towards the back end of the year".

However, the consultation published earlier this month on the new standard method for assessing housing need said that the government's ambition is now to publish a revised NPPF "Spring 2018".

"This will ensure that we not only plan for the right homes in the right places, but that we turn existing and future planning permissions quickly into homes through reforms such as the housing delivery test," it said.

Planning Officers Society president Steve Ingram said that many authorities are likely to face the double whammy of seeing their implied housing need figures rise as a result of the standard methodology, as well as potential sanctions under the delivery test. Some authorities, he said, could find the figures thrown up by the standard housing need methodology "incredibly challenging". "If they are then faced with the rigour of the delivery test against that, it's going to be a difficult time." Ingram added that, if the government "is going to put the onus on local authorities to grant permissions", then it must also ensure that authorities have the tools to ensure housing is delivered, and is of the right design and build quality. "If this is a trigger to allow poor quality housing to come forward, that will undermine faith in the planning system," Ingram warned.

MPs outside London responded as follows:

"We are bursting at the seams here and I am completely fed up with our area being an easy target for concreting over," said Tory MP Helen Grant, in response to the government's proposed standard method for assessing housing need. Grant, whose constituency includes Maidstone in Kent - which would see its housing need rise from 883 per annum to 1,236 per year under the proposed formula - is one of a number of parliamentarians to express alarm at the proposals, unveiled earlier this month.

Critics also include Grant's neighbouring MP, Helen Whately, who said she has already spoken to the communities secretary Sajid Javid to express her concerns about the "consequences of growth without the accompanying infrastructure needed". "The housing targets for Maidstone and Swale are already extremely high and the local roads network is under pressure," she said.

Elsewhere, Crispin Blunt, Tory MP for Reigate, said he has "deep reservations" about the proposed methodology. The formula would produce a housing need figure for Reigate and Banstead of 644 homes per year - far in excess of the district's local plan target of 460 homes per year, but only marginally higher than the existing calculation of need for the district. Blunt said: "While I share concerns about failings of our current housing market, I do not believe that the solution is to create excessive new homes targets for all local authorities across the country, especially those which are already overdeveloped, or where land use is restricted by green belt or Area of Outstanding Natural Beauty designations."

At the Labour Party conference, London's deputy mayor for housing Jamie Murray said land was "a huge area where City Hall could have a more active, interventionist and muscular role", including land assembly, unblocking stalled sites and using compulsory purchase powers.

Permission in Principle

Permission in principle (PiP) was introduced by the government around 18 months ago in the Housing and Planning Act 2016. It aims to provide a fast-track route through the planning process, in the hope of speeding up housing delivery. It splits the application process in two, so that a proposed residential development can secure PiP first before achieving full consent through a further technical details consent (TDC).

So far, the government has introduced regulations implementing permission in principle for housing sites that local authorities decide to move onto part two of their brownfield land registers, which councils are required to publish by the end of this year.

New detail on PiP was published in the Planning Practice Guidance (PPG) in July, fleshing out some of the measures previously announced. More details are revealed on TDC applications, though the guidance leaves it up to local authorities to decide the exact information required. The PPG states that authorities "should take a proportionate approach" to information requested to support TDC applications.

Once a valid TDC application has been received, councils should make a decision within the statutory time limit of five weeks for minor developments and ten weeks for major developments, says the PPG.

The latest guidance, and the regulations published in April, relate to PiP for brownfield registers only. However, the Housing and Planning Act promised to introduce PiP for housing sites allocated in local and neighbourhood plans and for minor planning applications. To move forward, we need details and a timeframe on secondary legislation to allow PiP to be applied in these areas. Further detail is also needed on the level of fees for TDC application.

In an era of shrinking budgets and resources for local authorities, PiP could negatively impact on over-stretched planning departments. Though the application is split in two, the workload involved in processing it is likely to be the same, if not more than is required for a standard application. Determining whether sites should receive PiP or TDC requires detailed assessment. To make this route attractive to applicants, the development sector would expect the fee for a TDC to be lower than a traditional application fee, thus impacting council resources.

PiP could be a potentially uncertain and risky route for applicants. Though the guidance outlines some of the information required for a technical details consent, it does not provide as much clarity as it could, with the details left up to individual councils to decide. Coupled with pressures from council members and the public to know more information, this is likely to mean that authorities will ask applicants for more detail than they have originally provided. This could result in the PiP process requiring as much resource and time as an outline application.

Also, while developers are familiar with the current planning system and can appeal if they're unhappy with a decision, the same cannot be said in the case of PiP. There is no right of appeal if an authority refuses to move your site on to part two of the brownfield register, meaning that PiP is granted. Furthermore, there's no real detail yet about when you can promote your site for inclusion in the register or how long that could take. However, according to the PPG, TDC refusals can be appealed.

Measures to speed up compulsory purchase

Regulations have brought into force a number of measures in the Neighbourhood Planning Act 2017 intended to speed up the compulsory purchase process - including clarifying the way compensation is calculated - the DCLG's statement said.

In the statement, the DCLG also said that many of the disputes around compulsory purchase centre on compensation. Claimants may complain that offers of compensation are inadequate or are paid late, while acquiring authorities often blame low quality information, the statement said.

It said that, to address this, it has today published the first standard claim form, which it said has been prepared in partnership with expert practitioners.

"The use of the form is not mandatory but there are clear benefits to both claimants and acquiring authorities in using it," the statement said.

Housing and planning minister Alok Sharma said: "This government is committed to making compulsory purchase simpler, fairer and faster.

"That is why the measures we are introducing include a clearer way to assess compensation - replacing obscurely worded legislation and over 100 years of confusing case law.

"We are also introducing a new form to make it easier for claimants to get the compensation they are entitled to, and help acquiring authorities get the information they need to assess claims more quickly."

Help-to-Buy scheme assessed

A report by the Home Builders Federation (HBF) says the confidence brought to the industry by Help to Buy has "driven a marked increase in new home building activity since its introduction in 2013".

The federation points to latest figures from data analyst Glenigan which show that the number of planning permissions granted in the year to June was the highest for a 12-month period since 2006.

Planning permission for 321,982 new homes was granted over the 12-month period, according to the statistics, a figure which the HBF claims was driven by strong demand for new homes from Help to Buy.

"These record planning permission figures are a clear indication that house builders are committed to increasing housing output," said HBF executive chairman Stewart Baseley.

"We've seen 50 per cent growth in output over the last three years and these figures indicate that progress can continue."

The equity loan scheme was introduced by the government in 2013 to assist buyers fund the deposit to purchase new build homes.

The HBF report says the policy's focus on new build "generates a very direct supply-side response", and that it is "driving industry confidence to invest in new sites at a time when activity in the market generally remains stubbornly slow."

"The figures show that if demand for new homes remains strong and the planning system processes applications efficiently, further increases in build rates can be delivered in the coming years," said Baseley.

But the federation calls on the government to clarify the future of the scheme beyond its current expiry date of 2021.

"The uncertain future of the Help to Buy scheme means there is uncertainty as to what extent the industry will be able to maintain its current investment and housing delivery should the scheme end in 2021," the report says.

"While an extension of the scheme would be favoured at this stage, the priority must be to ensure that any eventual closure of the scheme is achieved on a phased basis that allows for the market and purchasers to adjust in good time to minimise the impact on housing delivery."

Planning magazine's extracts from press articles:-

The Guardian reports that the London Borough of Haringey, "which is carrying out a major regeneration project in association with the developer Lendlease, said it would resist the idea of a compulsory ballot [of residents]". The newspaper says that the council cited guidance from the London mayor, Sadiq Khan, which warns ballots "can risk turning a complex set of issues that affects different people in different ways over many years into a simple yes/no decision at a single point in time".

London's Evening Standard reports that "developers who tore down three Victorian homes which survived the Blitz have been ordered to rebuild them exactly as they were". The newspaper says that the London Borough of Tower Hamlets "has issued enforcement notices giving the owners 18 months to rebuild the cottages next to Canary Wharf".

The Times (subscription required) reports that "house prices in London fell for the first time in eight years this month and growth across Britain remained subdued in the latest evidence of a

slowdown in the housing market". The newspaper says that "Nationwide said that prices in the capital had fallen by 0.6 per cent in the year to September while overall prices rose by 2 per, down from 2.1 per cent in August and the weakest pace of growth since June 2013."

The Times also reports that wood burning is set to be banned in parts of London "to reduce air pollution under proposed restrictions that would be the strongest in Europe". The newspaper says that "Sadiq Khan, the mayor of London, is seeking powers to prohibit all burning of wood in parts of the capital with poor air quality. He also wants tighter curbs on wood-burning stoves, with only low- emission versions allowed to stay on sale."

Council planning teams cut by 15% in ten years

The findings of a survey, carried out by think-tank Planning Futures, were revealed in a report at a fringe event at the Labour Party Conference in Brighton.

According to the survey, development management teams have reduced by 13 per cent over the 10-year period and planning policy teams by 18 per cent.

According to Planning Futures director, Cian Bryan, the survey prompted responses from 258 English local planning authorities, which were followed up with phone interviews. Bryan said that the drop in staff has been compounded by increasing workloads for planning teams, with a rise in application determinations between 2011 and 2016 as the economy picked up. However, Bryan said that, despite the overall trajectory, about 26 per cent of councils had managed to increase their planning staff over the period by investing in their teams. He said: "We were surprised that the drop was only 14.6 per cent, given the level of concern about resourcing within the industry."

The report says, as a result of the cuts, authorities have had to focus on their statutory obligations, such as the speed of decision-making. But planning teams have "struggled" to meet other objectives beyond determining applications, said Bryan, adding: "We are looking at a difficult few years for the planning service nationally." The biggest constraint on planning department capacity is a lack of funding, the report found, due to restrictions in authorities being able to charge for development management services. The support of elected members, particularly council leaders, was "particularly critical" for strong planning services, said Bryan.

The report calls for authorities to be able to set their own planning application fees and for central government to work with the Planning Advisory Service to provide planning training for all council leaders. Such training should emphasise "the link between planning and the delivery of broader local government objectives, such as social and economic regeneration", the report said.

Chairing the event was former shadow planning minister Roberta Blackman-Woods who, though she moved on from her role earlier this year, revealed that she would be chairing a Labour Party commission on planning. The commission would be launched next January, she said, and would look at planning department resources and the issue of committee decisions being overturned at appeal, among other issues.

FROM 'INSIDE HOUSING':-

We need a national conversation about social housing

Sajid Javid hit the nail on the head when he told the National Housing Federation's conference the legacy of the Grenfell tragedy has to be a change to the way the country thinks about social housing.

Three months after the tragedy it is becoming increasingly clear that any rethink must include the government taking a close look at its own approach, and it is therefore encouraging that the new green paper will include a "top to bottom" review of social housing.

It is an unusual week when we don't read about new research highlighting both the scale of the crisis and the extent to which the current approach to housing simply isn't working.

Our recent analysis of government housing funding in the latest UK Housing Review briefing reveals a fundamental problem. Despite its pledge to tackle the housing crisis, made many months ago, the vast majority of funding – 79% in fact – earmarked for housing until 2020/21 will still fund private housing. Meanwhile just 21% will directly fund affordable housing.

The analysis also shows that the number of affordable government-funded homes plummeted by 50% between 2010/11 and 2016/17, from 56,000 to just 28,000. Meanwhile National Housing Federation research shows housing funding has reduced to 0.2% of GDP, compared to 0.4% in 2005. Those figures are worrying enough, but it's also becoming clear that even the affordable housing funded by government is anything but affordable at 80% of market rent. And over the same period, the number of homes for the cheapest social rents – the only truly affordable option for many people, built using government finance – has collapsed from 36,000 to just over 1,000.

Meanwhile there is considerable evidence that the government's welfare policy is severely exacerbating the housing crisis. Welfare policy was not mentioned by the secretary of state when he announced what will be covered in the green paper but any review of social housing policy must also include welfare policy. A recent National Audit Office report delivered a damning indictment on the effect of the government's welfare policy on our growing homelessness problem. And our own research with the University of Sheffield backs up its findings completely, with the vast majority of councils and housing associations we surveyed saying they feel their work to tackle homelessness is undermined by welfare policies like the lower benefit cap and 50% of housing associations saying limited access to welfare is now the most common reason for them refusing a nomination, compared to just 17% in a similar study completed in 2007.

The stark result of all of this is that we simply do not have enough homes that people can afford, and the human cost is becoming more and more severe, with the number of homeless people continuing to grow.

Sadly none of this comes as a surprise. Neither did the last piece of research highlighting the same, or the one before that, or the one before that.

The housing crisis is not new and it is sad that it has taken a dreadful tragedy for many people to become aware of the lack of decent, genuinely affordable housing in the UK. But if the tragedy results in us getting closer to solving our housing crisis then that would perhaps be the best possible tribute to the many people affected by this awful event. Months later we still don't know exactly what happened, and we won't until the inquiry is complete. Although it is important we act as soon as possible to make sure nothing like this ever happens again, we must do so equipped with the right information and not speculation. In this sense it is entirely understandable that the inquiry focuses on the fire and not the wider implications for social housing.

But we absolutely must still have that conversation. We need a fundamental debate about the role and value of social housing today, the policy framework that has developed around it and how we move forward.

That debate needs to answer a number of fundamental questions – how do we deal with what has become an acute affordability crisis? Who lives in social housing and how do we make sure those people have a voice? And how do we join up housing and welfare policy?

Sajid Javid is right; the time for a fundamental rethink on social housing is now.

The sector must play a central part in defining the big issues we face and, crucially, work with the government to find the answers.

But any rethink must begin with the government taking a serious look at its own efforts to fulfil its promise to fix Britain's broken housing market. This will simply not be possible if its current approach to social housing and, crucially, welfare policy continue.

Terrie Alafat, chief executive, Chartered Institute of Housing