

# MAYOR OF LONDON

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## Mayor of London response to Ministry of Housing, Communities and Local Government consultation:

### Changes to the Current Planning System

01 October 2020

#### Response to consultation questions

#### 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?**

The introduction of an amendment to the standard method that takes into account an area's housing stock - rather than simply relying on population projections - is welcomed. A method based only on population projections and affordability is too volatile to form a basis for planning, and it is essential that new housing is focused on existing settlements to ensure that development is sustainable and drives investment and regeneration. However, there remain some significant drawbacks to the method in its proposed form, as set out in the following answers.

Firstly, the GLA has previously noted serious concerns with the use of ONS household projections in a standard needs formula, and we repeat them here. These concerns stem from the method used to project population changes, and the inherent problem of the failure to better account for the impacts of previously constrained household formation which, if accounted for, would better reflect housing need. The uncertainties inherent in demographic projections may be particularly problematic in current times, given the unknown impacts of COVID19 on people's decision making around where to live.

Secondly, to work as a method applicable at the national level it should be fit for purpose in all areas and have some semblance of deliverability. As proposed, it does not respond to the complexity of London's housing needs, particularly its urgent need for affordable housing (see response to question 5).

Overall, the method continues to fail to address the question of what should be built and where, even with the introduction of a stock-based model as an alternative baseline. Given that the vast majority of the uplift in housing need under the proposed method is in the south of England, particularly in London and the rural shires, its incompatibility with the Government's own stated objective - to achieve a better distribution of homes between more high-demand areas and emerging demand areas across the country - is clear. The proposed method does very little to adequately estimate potential demand for housing in growing cities outside of London and the South East or to direct growth to urban areas better able to accommodate it and with ambitions for growth.

The proposed requirement for London - an area with a recently examined strategic plan that determined available capacity - of more than 90,000 homes a year is clearly undeliverable. This will inevitably result in either 'planning by appeal' due to unachievable delivery quotas and/or the redistribution (by some yet to be determined mechanism) of that need to neighbouring areas of the

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South East. Discussions with the Wider South East show this is not a palatable option for them particularly given the impact of the affordability weighting across the wider regions.

To remedy these issues, a more sophisticated model that takes into account the need for affordable housing and the affordability of private rents would ideally be used. The proposed methodology penalises authorities with expensive stock for providing affordable rented housing for hard working lower income earners, including key workers. Failing that, more flexibility should be built into the current model through the following adjustments:

1. Raise the existing stock growth factor to 1% (see response to question 2 for justification).
2. Remove the weighting for the level of affordability and remove the weighting for change in affordability over time (see response to question 4 and 5 for justification).

The re-focus on stock growth will support the regeneration of areas that require it as well as support the Government's 'levelling up' agenda and the Northern Powerhouse.

The Government is also encouraged to make clear if changes to the standard method will result in an amendment to Planning Practice Guidance which allows for an alternative approach to calculating housing need to be taken in exceptional circumstances, including the introduction of a cap.

**Q2: In the stock element of the baseline, do you agree that 0.5% of existing stock for the standard method is appropriate? If not, please explain why.**

As stated in the GLA's response to question 1, recognising existing stock as part of the method is supported, however the level set for the existing stock threshold is questionable. Limited justification has been put forward for the rationale behind 0.5%.

As new housing should be sustainably focused in existing settlements, a higher minimum stock growth rate is appropriate for a metropolitan city region and does not put a disproportionate emphasis on existing stock or overinflate areas that are less urban in nature. An existing stock baseline of 1%, as set out in the response to question 1, is considered to be justified when combined with the removal of any weighting for changes in affordability (see response to question 5) and will have the added benefit of greater stability over time.

**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? If not, please explain why.**

The GLA partially agree. Whilst some adjustment for affordability is appropriate, changes in the ratio of house prices to earnings are often driven by external macro-economic factors, creating short-term volatility in the outputs that should not be used as a basis to change long-term planning policies.

The formula should ideally take into account the need for affordable housing and the affordability of private rents (easily measured as the ratio of average private rents to average earnings, and more stable than the house price ratio). If that is not possible, then the existing formula should be amended to remove the weight given to the change in house price affordability.

**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? If not, please explain why.**

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As stated above, the ratio of house prices to earnings is relatively volatile due to the influence of macroeconomic factors, and this concern particularly applies to the *change* in the ratio. Secondly, the level of and the change in the ratio are strongly correlated, with the result that they effectively duplicate one another (as Savills have also recently noted). Only one of these measures should be used, where there is a clear rationale for both policy and pragmatic reasons for targeting the level of affordability. The adjustment for the change in affordability should therefore be removed, in favour of a stronger weighting given to the existing stock of housing.

There remains the concern that any formula based on the affordability of market housing does not adequately respond to highly pressured housing markets like London, where housing needs are acute. Issues of high homelessness and overcrowding in the capital require a substantial uplift in the delivery of affordable, specifically social rented homes. Marginal changes in market affordability - even those that are considered to be more significant in other areas of the country - are unlikely to have a substantial impact on these needs within the timescale required.

It is also important to note that the proposed method still does not provide necessary detail for strategic plan making given the lack of tenure, type or size mix outputs which are particularly important in areas where affordability metrics will mean high levels of affordable housing need. This means that further evidence base work is always required to ensure a robust policy framework and certainty for applicants, as well as supporting build out rates.

Given London's affordability issues and its unmatched constraints, the current adjustment together with the removal of the cap, drives need to the point where it is entirely undeliverable. The PPG on housing needs assessment states that the rationale for applying the current affordability cap is "to help ensure that the minimum local housing need figure calculated using the standard method is as deliverable as possible". Removing the cap creates an artificial 'need' that will inevitably be irreconcilable when the constraints are then applied through policy. Given London's constrained nature and needs context, it is recommended that the cap be reintroduced if the affordability adjustment is to be retained as proposed. Alternatively, the GLA's proposal as set out in question 1 should be followed.

## **Q5: Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.**

As set out above, the change in affordability duplicates the effect of the level of affordability, while adding unnecessary and counter-productive volatility to the results. Moreover, ambitious LPAs should not have their targets reduced due to the affordability weighting when they have a sound plan for delivering more.

The affordability ratio does not reflect the relatively high rate of renting in London (nearly 50%), which is partially due to its relatively young working age population, flexibility in the jobs market and the relative cost of housing for those on a low income. People tend to rent what they need and don't tend to have spare space / bedrooms, whereas they buy what they can afford which can include a deposit from 'the bank of mum and dad' or using existing equity. Using median house prices, based on sales does not fully reflect the affordability picture of an area.

As stated above, by not including rent levels, it penalises authorities that seek to provide low rent accommodation for its low-income worker and key workers.

For these reasons it is considered that less weight should be applied to affordability inputs and an alternative suggestion is set out in the response to question 1.

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**Do you agree that authorities should be planning having regard to their revised standard method need figure, from the publication date of the revised guidance, with the exception of:**

**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?**

The GLA agree that planning authorities should be given a transition period. However, where the housing targets have increased, under the current planning system, Local Plans should be reviewed and adopted within five years of the target being published.

The exception to this is where there is a Spatial Development Strategy (SDS) that is less than five years old or where the SDS is being reviewed to address increased housing targets. In both cases, the SDS takes precedence over any Local Plan. Given the importance of an SDS in this regard, it is imperative that the new London Plan is published as soon as possible.

**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?**

The GLA agree that planning authorities should be given a transition period.

**If not, please explain why. Are there particular circumstances which need to be catered for?**

The London boroughs should be able to continue planning to meet their housing target as set out in the Intend to Publish London Plan (hereafter referred to as the new London Plan), which sets out a sustainable spatial strategy. However, the transition arrangements could result in further confusion with some planning authorities (generally in the Wider South East) pushing forward Local Plans in order to apply an existing lower housing target and others delaying in order to use an emerging lower housing target, if applicable. This is not conducive to speeding up delivery.

The Government should also be mindful of the added confusion and uncertainty, and its associated impact upon housing delivery, that will likely result should both this proposal and the proposal set out in the Planning for the Future White paper come to fruition. Ultimately, given the need to ensure appropriate transition periods, it is possible that at the national level, housing targets derived from four housing methodologies could be in play depending on where the local planning authority is in their local plan making process. This includes plans examined under the 2012 and 2019 NPPFs, those that utilise this proposed methodology and those which account for any new method resulting from the White Paper consultation.

## **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**

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**developer contributions? Please provide reasons and / or evidence for your views (if possible):**

- 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)**

As outlined in the GLA's response to the Government's initial consultation, First Homes will not be affordable to the vast majority of Londoners. Analysis by the GLA suggests that based on the average price of a new build home in London, an income of at least £76,000 would be required to afford a First Home at a discount of 30 per cent<sup>1</sup> - only two per cent of households in London would have the required income and savings. In most cases, these homes will be less affordable than the other intermediate tenures they will displace, and as such, will make it harder for Londoners to access affordable home ownership. The median income of households accessing shared ownership in London in 2017/18 was £46,820.

Notwithstanding our concerns about any displacement of affordable housing by First Homes, including affordable homeownership options, the GLA's preference for the delivery of the remaining 75 per cent of affordable housing secured through developer contributions is Option 1, subject to some additional requirements. Firstly, in general, the priorities for affordable housing delivery should be established at the regional level, and where a Spatial Development Strategy is in play - as is the case for London - tenure mix should be set out in this tier of policy. Secondly, it is clear that to meet London's housing need, a significant increase in the number of low-cost rent, and particularly social rented homes is required. As such, these tenures should be prioritised for the remaining 75 per cent of affordable housing secured through developer contributions. In practice, this means that if the delivery of 25 per cent First Homes reduces the number of other affordable homes delivered on a particular site, these First Homes should replace intermediate homes first, followed by Affordable Rent homes, before any social rent homes are lost. In the case of the new London Plan, tenure mix policy requires 30 per cent intermediate homes, 30 per cent low cost rent, and 40 per cent to be established by the boroughs. Under this proposal the intermediate requirements would revert to 25 per cent First Homes and 5 per cent alternative intermediate products.

It should also be noted that in areas with very high residential market values, affordable home ownership tenures (including shared ownership) are typically not affordable for households that are eligible for intermediate housing. New build properties may not be affordable within the income cap even with a 30 per cent discount. Where this is the case, authorities seek intermediate rental products rather than shared ownership, as well as low cost rent. In this scenario there is no existing home ownership tenure to replace and the First Homes requirement should not apply.

**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?**

Yes, the existing exemptions for delivery of affordable home ownership products set out in the National Planning Policy Framework (NPPF) should apply to First Homes.

Build to Rent schemes are held in single ownership as rental products for a minimum period. The viability of these schemes is based on the capital value of long-term rental income rather than receipts provided by the sale of individual market homes. The new London Plan contains a new policy approach to delivering affordable housing through discounted market rent homes that has been developed for the Build to Rent sector. Requiring Build to Rent schemes to deliver First Homes would have a negative impact on delivery of these affordable homes and introduce uncertainty at a time when the Build to Rent sector is taking an increasingly important role in increasing London's housing supply.

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In London, anecdotal evidence suggests that the affordable housing contribution on specialist housing schemes tends to be affordable rented (including social rented) homes, rather than intermediate homes. Mandating the delivery of First Homes on these schemes would therefore be likely to have a particularly negative impact on the supply of affordable rented homes available for these groups. The lack of affordability of First Homes means that they would only be likely to benefit those who may already be able to buy privately without any kind of discount. To ensure that older people and people with disabilities are not disadvantaged by the policy, specialised and supported housing development should be exempt from providing First Homes.

The GLA agrees that sites which deliver 100 per cent affordable housing should be exempt from the requirement in order to incentivise the highest possible levels of affordable housing delivery. However, sites delivering the majority of homes as affordable should also be provided with flexibility. The new London Plan allows for flexibility around tenure mix for schemes delivering above 75 per cent affordable housing, where the tenure mix is acceptable to the borough or Mayor (where relevant). The GLA would encourage the Government to go further and adopt an equivalent approach to First Homes. This would mean that any sites delivering above 75 per cent affordable housing are also exempt from the First Homes requirements, ensuring consistency with the existing approach in London which is designed to incentivise schemes with a high proportion of genuinely affordable homes which meet local housing need.

**Q10: Are any existing exemptions not required? If not, please set out which exemptions and why.**

No, all exceptions should be retained.

**Q11: Are any other exemptions needed? If so, please provide reasons and /or evidence for your views.**

As set out in the GLA's response to the initial consultation, all housing association and local authority-led schemes (not just those that are exclusively for affordable housing) should also be exempt from the requirement to deliver 25 per cent First Homes. This is because (as set out under question 8), First Homes are unlikely to be affordable for the vast majority of Londoners, and as such are unlikely to align with the objectives of housing associations and local authorities in meeting housing need. This risks reducing the appetite for new development and could serve to incentivise the sector to focus already limited resource on management of existing stock rather than new development. This is also at a time when housing providers are having to adjust to the additional challenges of a new shared ownership model, which some providers see as a potential risk to overall delivery. Cumulatively, this could have a significant negative impact on overall housing supply, in particular of affordable homes, as well as a reduction in the benefits that result from the cross-subsidy generated through such schemes. This cross-subsidy contributes significantly to the delivery of social rented homes as well as to improvements to existing homes.

As stated in the answer to question 9, the exemption to the First Homes requirements for sites delivering exclusively affordable housing should be extended to those delivering above 75 per cent affordable housing to incentivise the maximum possible level of affordable housing delivery.

In relation to any potential exemption from CIL that the Government may consider, the GLA consider that this would not be necessary, given the lack of need to incentivise First Homes delivery if it is to be a mandatory requirement in all major schemes.

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

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Notwithstanding other points made in relation to amendments to First Homes policy, the GLA have no concerns with the proposed arrangements.

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

As outlined in the GLA's response to the initial consultation on First Homes, due to London's unique housing market, it is highly unlikely that a 30 per cent discount will make First Homes affordable to a wide range of Londoners. Based on average house prices in London, even a 40 per cent discount would require a household to have an income of at least £65,000, as well as a substantial amount of savings for a deposit.

However, increasing the level of discount while still requiring 25 per cent of affordable housing contributions to be delivered as First Homes in areas where affordability is challenging would risk reducing the delivery of much-needed social rented homes.

Notwithstanding the GLA's overall objection to First Homes, to reflect London's unique circumstances, an alternative approach should be implemented in London, whereby if a developer cannot demonstrate that First Homes at a 30 per cent discount would be affordable to households that meet the income eligibility criteria for intermediate homes<sup>2</sup>, the requirement to deliver 25 per cent First Homes should fall away, or be replaced by a more general requirement to deliver 25 per cent affordable home ownership products. Any impact on other tenures should align to the proposal set out in our response to question 8.

## **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?**

As outlined in the GLA's response to the initial consultation, decisions over what type of affordable housing should be pursued on these sites should remain with local planning authorities who are best placed to assess local need and demand. However, the proposal to allow flexibility for delivery of other affordable housing on exception sites where there is significant local need identified is welcome, and this should be the priority over delivery of market housing.

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

Notwithstanding other points made in relation to amendments to First Homes policy, the GLA have no concerns with the proposed arrangements.

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

The GLA agree that First Homes exception sites should not apply in designated rural areas and that delivery should continue to be through the rural exception sites policy.

## **Supporting Small and medium-sized developers / Raising the Affordable Housing Threshold**

## **Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period?**

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The GLA do not support raising the small sites threshold and consider that this proposal will have the opposite impact upon speeding up delivery that the Government intend, as well as reducing the delivery of much needed affordable housing in London. No evidence has been put forward to suggest that this intervention will support SME builders or benefit communities. Instead it is likely to create uncertainty, inflate land values and represents an estimated loss of over £0.5bn in affordable housing contributions at a time when housing market certainty and affordable housing delivery is needed most.

The decline in SME builders since the last recession is well known. However, there are numerous reasons for this, with a significant contributor being lack of access to upfront finance. The Government have provided no evidence to suggest that affordable housing contributions result in small builder insolvencies, or that the solution to reverse this trend is to raise the affordable housing threshold. In most cases, SMEs purchase land where there is already a planning permission in place. Given the existing implementable consent, both site capacities and affordable housing expectations are known upfront and lengthy negotiations are not part of the process. On the contrary, the affordable housing contribution of an existing consent can be effective in managing risk for SMEs, providing certainty through revenue gained at completion from the sale of affordable units to registered providers. The proposed changes would remove this certainty and increase risk. Overall, the proposal fails to make clear how it will minimise the economic pressure that SMEs are under.

In terms of speeding up delivery, the claim set out in the consultation paper that raising the affordable housing threshold will increase the level of viable sites and quicken the delivery process is unsubstantiated. Firstly, schemes likely to be implemented in the immediate future are those where planning permission has already been secured and would not benefit from the proposal. Moreover, it is likely that some developers will resubmit planning applications to gain financially should the need for affordable housing be withdrawn, causing delay to shovel ready projects, regardless of whether it is necessary to do so. This will also place additional pressure on local authorities whose resources are already stretched in many cases, and with Councillors generally wanting to resist any decrease in the provision of affordable housing. Secondly, schemes granted consent with no affordable housing comprising solely market housing will be subject to greater market risk and are only likely to be built out following a recovery of market values which will delay delivery. Thirdly, it is clear from the last recession that altering the requirements for affordable housing will increase land values and costs to SME developers rather than speed up delivery. Moreover, few small developers are in ownership of sites that are immediately deliverable, and so to begin the process of securing a planning permission following the implementation of this proposal, they would have to find significantly increased capital (upfront) to purchase sites at an inflated rate.

It is also noted that COVID19 is creating immense uncertainty to the wider economic picture. Should a market downturn occur, for example when the Stamp Duty holiday comes to an end, there is potential for residential market values and land values to decline significantly between purchase and delivery, a considerable risk for an SME. This risk is further increased by land being purchased at a higher value reflecting zero affordable housing contributions. It is questionable why SMEs would alter business plans to take on such risk given the uncertainty at play. Overall, the proposal fails to understand and respond to the complex needs of this sector.

Given heightened risk for SMEs and higher land prices, where smaller builders are impeded from obtaining smaller sites, larger housebuilders may begin to seek options on them. As well as failing to support smaller builders – the main aim of this proposal – this also contradicts the Government's findings set out in the Letwin Review of build out, that to facilitate delivery and overcome delays arising from the 'absorption rates' of market housing, it is essential to diversify the type and tenure of housing.

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Repeated experience has shown that any such proposal for a time-limited change in planning policy creates uncertainty and is likely to result in developers with deliverable permissions waiting until policy and subsequent legislation is amended before commencing delivery. Similarly, applicants are likely to wait until a clearer policy position emerges before starting the process of gaining planning permission. This would inevitably result in lengthy delays and in some cases, the revisiting of permissions that are already viable under the existing policy framework.

Finally, buy-in from communities on new housing development often depends on a credible commitment to delivering genuinely affordable housing for local households in need. It is difficult to imagine a proposal more likely to increase local opposition to small site development than a removal of any affordable housing provision imposed by central government.

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

**i) Up to 40 homes ii) Up to 50 homes iii) Other (please specify)**

Affordable housing requirements set out in Development Plans are viability tested, which ensure that they are set at a level that can be accommodated by most sites. The Mayor has worked hard to provide additional certainty by enabling schemes to be fast tracked where they meet affordable housing requirements, but also allowing requirements to be amended on viability grounds for sites where there are genuine barriers to delivery. The GLA consider it premature and counterproductive to relax requirements across all sites of up to 40/50 homes, regardless of whether this is required on viability grounds and given the high residential values and favourable viability conditions that exist in many parts of London. Furthermore, the Community Infrastructure Levy (Coronavirus) (Amendment) (England) Regulations 2020, provide for the time limited deferral of CIL payments for SME developers which will improve cashflow and viability. As such, the affordable housing threshold should remain the same to ensure no further uncertainty is introduced to the system that will result in delays or unintended consequences like spiralling land values.

It is clear that in order to meet London's housing need, a significant increase in the number of low-cost rent, and in particular, social rent homes is required. GLA analysis indicates that applying the proposal to 2018/19 affordable housing delivery figures would result in a loss of affordable housing for London of between approximately 1,670 and 2,040 affordable homes, excluding payments in lieu of affordable housing. The current level of affordable housing is already far too low than required to meet the needs of homeless or overcrowded households in London, and a loss of this scale would be completely unacceptable.

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

The GLA disagree with the scaling up of the site threshold for the reasons set out in the response to question 17.

Moreover, given London's complex urban context, where high density development may be viable on relatively small sites, the proposal is likely to have further implications for affordable housing delivery in certain parts of London, than in other areas of the country. Elsewhere in more suburban areas of London, boroughs may receive very few major applications a year. The dominance of small housing schemes as well as the overwhelming need for affordable housing has enabled boroughs such as Richmond upon Thames, Hackney, Islington and Camden to implement tariff-based affordable housing

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requirements for schemes of less than 10 dwellings, and in the case of the Royal Borough of Kensington and Chelsea, on schemes that provide 650sqm of residential floorspace.

Finally, the Government have failed to take into account how this proposal could impact upon optimising site capacities and should give further consideration to preventing applicants from underutilising site potential to keep homes below the threshold for affordable housing contributions, an effect seen following the Ministerial Statement on affordable housing contributions and minor developments.

## **Q20: Do you agree with linking the time-limited period to economic recovery and raising the threshold for an initial period of 18 months?**

See response to Question 17.

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

Notwithstanding the wider objections set out in this response, the GLA support the introduction of guidance to minimise threshold effects but consider that there will be impacts of introducing a higher threshold to affordable housing that are difficult to avoid. It is often unclear, for example, at the initial application stage that an applicant intends to bring forward a larger scheme on a wider site and guidance is unlikely to be able to deal adequately with such adverse impacts.

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

Not applicable in London.

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

Contributions from SMEs play an important role in London boosting housing delivery and supporting communities and local economies. Recognising this, the GLA have introduced a number of interventions designed to support the sector, including: increased and better-targeted investment to de-risk development and maximise opportunities; diversification of the housebuilding industry and more support for small and medium-sized builders; and tackling the construction skills gap and modernising construction methods.

The Mayor's Small Sites Small Builders programme, launched in 2018, helps to make more small, publicly-owned sites available to small developers, housing associations and community-led organisations so they play a bigger role in building the homes that London needs. As of June 2020, the programme had already brought forward 44 publicly owned sites, with most of them earmarked for at least 50% affordable housing.

Instead of the proposed slashing of affordable housing contributions, the Government should build on its existing package of measures (including the Home Building Fund and ENABLE Build guarantee scheme etc) and consider positive measures to support the SME sector. It is imperative that strategic interventions seek to deliver new homes and maximise affordable housing, at a time when our communities need it most.

## **Extending Permission in Principle to cover major development**

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## **Q24: Do you agree that the new Permission in Principle should remove the restriction on major development?**

The GLA does not believe extending PiP will speed up housing delivery, especially in the urban context of London. Most Local Plans in London include Site Allocations that, in agreement with the land owner, already set out acceptable land uses and the parameters for development. As the PiP process requires both stages (PiP and Technical Details Consent) before obtaining a planning permission, to extend this process for major development proposals would not offer any further certainty to developers than a Site Allocation in Local Plans.

The proposals involve a huge step change from the existing PiP for up to 10 homes to proposals of up to 150 homes with an unlimited amount of commercial floorspace. In complex urban areas like London, these large scale proposals will have a wide range of implications which need to be properly considered. Given the timescale to determine these proposals will be the same as to assess a PiP for minor development, this will place a further burden on local authorities together with limited time for scrutiny and response from consultees particularly neighbouring occupiers who will be more affected by these proposals.

## **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)? Please provide any comments in support of your views**

Yes, commercial development should be limited to support the principle of town centres first, which not only supports our high streets, but are also the most likely areas to be accessible by sustainable forms of travel. The assessment of these applications will be more complex when considered in conjunction with the recent changes in the Use Classes Order, in particular Class E. Given these circumstances, having no cap on commercial floorspace is more likely to result in refusal of PiP applications.

## **Q26: Do you agree with our proposal that information requirements for Permission in Principle by application for major development should broadly remain unchanged? If you disagree, what changes would you suggest and why?**

The GLA has no comment.

## **Q27: Should there be an additional height parameter for Permission in Principle? Please provide comments in support of your views.**

The introduction of height/scale parameters will introduce design matters at PIP stage and local planning authorities may be reluctant to assess proposals without further technical information especially, for example if a scheme is within or near to conservation areas or listed buildings.

## **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 If you disagree, please state your reasons**

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Notwithstanding the GLA's wider concerns regarding PiP, it agrees that publicity arrangements should be extended. They should be subject to the same general requirement for major developments applications to be publicised as set out in Statement of Community Involvement. However, given the shorter timeframes for decision making, more innovative means of publicising potential development should be required and the cost covered by the application fee.

**Q29: Do you agree with our proposal for a banded fee structure based on a flat fee per hectare, with a maximum fee cap?**

The proposals for a banded fee structure based on site area is broadly acceptable in principle and is similar to the existing fee structure for outline planning applications.

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

The proposed fee should reflect the resources which will be required to assess the proposals. The premise in the consultation that an application for Permission in Principle should be a cheaper alternative to an outline permission when the level of resource required to assess the proposals will be similar places an unfair burden on local planning authorities who are already under resourced. As the proposals envisage the same timescale for assessment for applications of up to 150 homes (together with commercial floorspace) as the current timescale to assess proposals for up to 10 homes, this will cause considerable difficulties for having to assess far more complex proposals in a compressed time period and is likely to result in more refusals of Permission in Principle.

**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? If you disagree, please state why.**

Yes.

**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.**

Given that the court has upheld the overwhelming number of refusals for PiP that have gone to appeal, it seems reasonable that LPAs consider matters that cannot be overcome by a detailed planning application, such as lack of infrastructure not within the control of the applicant.

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

The proposals envisage that medium sized developers should find it easier to secure the finance needed to fund a technical detail consent application rather than having to fund the cost of a full planning application without the certainty afforded by the grant of permission in principle. However, this may be limited as the PiP, unlike an outline planning permission does not confer a grant of planning permission and needs the approval of the technical details consent to gain a planning permission and this could be refused.

The proposals will result in further costs for local planning authorities in having to assess more complex proposals in the same timeframe as for minor developments for PiP. As the consultation only proposes additional publicity for these developments as opposed to neighbour notification, this would reduce the opportunity for those most affected to be able to properly scrutinise and comment on these

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proposals, which would appear to be contrary to the government's aim to increase community involvement in proposals for development. As local authorities will be required to assess proposals for much larger developments in the same compressed timeframe based on limited information, they may err on the side of caution and are more likely to refuse these applications.

**Q34: To what extent do you consider landowners and developers are likely to use the proposed measure? Please provide evidence where possible.**

Landowners may use this PiP route to establish land values without necessarily developing sites. In London as demonstrated by the very limited take up, it is unlikely there will be increased take-up by developers given the general pro-good growth approach in London and the complexity of most major development sites.

One of the aims of PiP was to achieve some certainty on 'difficult sites' to secure funding. However, given the risk of refusal at the technical consent stage, which is more likely in urban areas given the impact of these proposals on issues such as heritage and amenity, this element of risk is likely to affect funding for these proposals. An application for outline planning permission with all matters reserved involves similar costs to the developer but has the benefit of securing a planning permission for a site and is more likely to attract funding than the proposed PiP route. Landowners may use the proposed PiP route to establish land values without necessarily developing sites or the proposals could also be attractive to those who want to trade rather than build sites out. Neither of these scenarios would deliver the homes that are envisaged by the proposals.

## **Public Sector Equality Duty**

**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?**

**If so, please specify the proposal and explain the impact. If there is an impact – are there any actions which the department could take to mitigate that impact?**

It is disappointing to note that along with the lack of evidence to support these proposals, the Government has not set out how it has given due regard to its Public Sector Equality Duty, but instead is asking as a part of this consultation.

Officers have identified potential negative impacts on protected groups from the consultation proposals. For example, any potential reduction in social rent / accommodation for low income groups due to these proposals will negatively impact protected groups who are more likely to be on low incomes, including people from Black, Asian and Minority Ethnic backgrounds, disabled people, and women (approx. 90% of lone parents are women and lone parent households are more likely to have lower incomes).

Once the Government has set out its evidence and consideration of potential likely impacts, GLA officers would welcome the chance to review any associated draft or completed EqlAs in relation to this consultation.