

HCLG Select Committee: The Future of the Planning System

Call for evidence – response made via hclgcom@parliament.uk

The Housing, Communities and Local Government Committee invited comments on its questions about the future of the planning system. This response is from London Forum of Amenity and Civic Societies (The Forum) which is a charity established in 1988 by the Civic Trust to network, inform, support and represent community and civic groups as members in London which now number over 130 each with hundreds of members. The Forum responds on their behalf on Government and GLA consultations and submitted comments on ‘Changes to the Current Planning System’ and on ‘Planning for the Future’. Those can be made available to the HCLG Committee.

Our key points about the future of the planning system, as proposed by the Government in ‘Planning for the Future’ are as follows:-

- Local authorities should be given more than 30 months to compile a new Local Plan due to the complexities of the designation of all areas and sites as Growth, Renewal or Protected and the need to define design codes and development requirements for every location. Pilot implementation with a few local authorities should be used before the process commences and the Secretary of State has said that is a possibility.
- The White Paper introduces new ways of making decisions on planning applications which are not well defined or explained. They could take away the current right of Councillors and residents to comment on applications and make decisions based on Local Plan policies. See our comments below on Q1.
- A new formula (the ‘Standard Method’) for setting housing requirements seems to be seriously flawed based on analysis of what housing targets would result from its application and where, **especially in London**. See our response to Q4.
- The White Paper seems to ignore the need for truly affordable homes for those on low wages which the HCLG Committee found to be a key housing requirement that has been met but on which it did not have a satisfactory response. See response to Q2 and Q4.
- Proposed concessions on payment by developers of Infrastructure Levy would leave local authorities in difficulties in providing social infrastructure and affordable homes. See our response to Q2.
- ‘First Homes’ should not be imposed by Government for delivery where they would be unaffordable to most local people (**such as in most of London**), but would use land needed for homes of the type required locally. See our response in 2.4 below for Q2.
- The proposal to replace Local Plan policies by ones in a new National Planning Policy Framework could result in failure to cover **the range of local circumstances across the country**, with different situations, land values, opportunities and restrictions and for policies covering construction management, building heights, basement development, local view protection, etc. See our response to Q6.

1. Is the current planning system working as it should do? What changes might need to be made? Are the Government’s proposals the right approach?

1.1 Some change is needed – but many of the proposals would radically change the relationship between the development industry, local planning authorities and communities.

1.2 The current planning system can grant approval for developments that are harmful and do not deliver what is required locally. A lot of that depends upon how well local authorities plan and define needs and restrictions.

1.3 The Government's proposals would improve that, by requiring Local Plans that lay down precise rules for the development of allocated sites . However, it proposes removing most development management policies from Local Plans and impose generic national policies in their place, as well as taking away the right of communities and their elected Councillors to be involved in the decision-making process on applications.

Plan-led Approach

1.4 This appears to be reinterpreted if the Local Plan is to be stripped of development management policies. It is only plan-led in terms of identified sites/areas which are "zoned" for growth, renewal or protection. The only references to a plan-led approach are in paragraphs 2.33, in relation to renewal areas, and 2.34. This seems to suggest that a significant change would be needed to S38(6) of the Planning and Compensation Act 2004, to redefine the requirement that "applications must be determined in accord with the development plan, unless material considerations indicate otherwise". If the development management policies are stripped out of Local Plans, that definition of a plan-led approach would cease to exist.

1.5 It states that decisions should be plan-led, but then proposes that some applications should be determined based on national policies in a revised NPPF. Such national policies could not cover the range of different circumstances between villages and dense metropolitan areas, nor be detailed enough to deal with every local situation and should not replace local policies. The White Paper does not seem to recognise that local planning authority policies only need to conform generally with national policy.

1.6 The Government's approach of having all land mapped as for Growth, Renewal or Protection with defined design and development requirements for each site or area, is complex and will take local authorities more time than the 30 months proposed for preparing a new Local Plan.

1.7 'Planning for the Future' proposals for granting 'outline planning permission' or 'permission in principle' for applications in Growth and Renewal areas is unrealistic as compliance with design codes and what is required to be delivered needs the same kind of development control process as now to achieve sustainable outcomes.

1.8 The Government's proposals bring uncertainty and concern about how decisions on planning applications will be made in future. It seems that the current methods for community consultation on new applications and Councillors' involvement in the local authority decision will be taken away for all but a few types of application.

1.9 'Planning for the Future' paragraph 2.31 refers to "full permission achieved through **streamlined and faster** consent routes which focus on securing good design and addressing **site-specific technical issues**" and paragraph 2.32 refers to detailed planning permission being granted by "**a reformed reserved matters process** for agreeing the issues which remain outstanding".

1.10 For Renewal areas, paragraph 2.33 refers to "automatic consent if the scheme meets design and **other prior approval requirements**" for "pre-specified forms of development" or for other forms of development "a **faster planning application process** where a planning application for the development would be determined in the context of the Local Plan description, for what development the area or site is appropriate for."

1.11 The text in bold in the extracts above is London Forum's emphasis. Our point is that it is not clear how MHCLG intends to define those terms if consent routes and reserved matters processes are to be changed and the planning application process made faster. 'Automating' consent is not what happens in zoning systems in other countries.

1.12 Unless these decision-making methods are clarified, it could result in protracted negotiations about conformity of a proposed scheme with the Local Plan's description of requirements and considerable reserved matters for finalisation.

1.13 Decision making might be better addressed by the current system of local authority planning committees or by use of delegated powers to development management case officers monitored by Councillors with call-in to committee where required.

2. In seeking to build 300,000 homes a year, is the greatest obstacle the planning system or the subsequent build-out of properties with permission?

Unimplemented Planning consents:

2.1 Both nationally and in London there is a large number of outstanding planning consents [about 1 million housing units nationally and ca 300,000 in London (GLA data), of which over 100,000 are flats in unimplemented permissions for tall buildings over 20 storeys (New London Architecture, Tall Buildings Survey 2020)]

2.2 Planning consents lapse if not commenced within 3 years. They can be renewed but there seem to be few examples of this for major projects. More usually the developer will make a "material start" which "renews" the consent indefinitely. This maintains the enhanced land value, with no requirement to complete the development.

2.3 Oliver Letwin's 2018 report on the reasons for slow build-out rates showed why there are hundreds of thousands of permitted homes not constructed. The Planning White Paper refers to that report in paragraph 2.58, but has no proposals to implement its recommendations which have been ignored for too long.

Achieving the types of homes required

2.4 The Government's insistence that a new type of 'First Home' for sale should be imposed as a development requirement in all local authorities is unreasonable, as in places like London they would be affordable by only 2% of people. This type of housing, like "Starter Homes" before, is unlikely to be viable in London, due to its high cost of housing. Also, the Planning White Paper's proposal that such homes count as 'affordable' and no Infrastructure Levy would be payable by developers of them, would leave Councils having to fund the additional facilities, infrastructure and services their occupiers would need without income to do so.

2.5 It is proposed in the White Paper that small- and medium-sized house builders should also not pay for the required local infrastructure that has to be installed or increased. That would be unsustainable according to NPPF policies and contrary in those cases to the Prime Minister's foreword to 'Planning for the Future', that it states that it should be "harder for developers to dodge their obligations to improve infrastructure".

2.6 The delivery of the required homes could be delayed or prevented if infrastructure is late or cannot be provided in the locality of a proposed development, because 'Planning for the Future' states in paragraph 2.20 that "sites should not be included in the plan where there is no reasonable prospect of any infrastructure that may be needed coming forward within the plan period. Plan-making policies in the National Planning Policy Framework will make this clear."

2.7 Infrastructure Levies are used, where required, for funding affordable homes so a reduced levy could reduce delivery of low-cost rent homes needed by key workers by up to 25%.

3. How can the planning system ensure that buildings are beautiful and fit for purpose?

3.1 Everyone should want new buildings to be attractive. The use of design codes could achieve that providing they are given sufficient weight in any appeal processes if local authorities refuse proposed developments due to their poor design.

3.2 New buildings will be fit for purpose only if they deliver what the local authority has specified in its Local Plan should be provided on any site or in any area. 'Planning for the Future' does not ensure that in its proposals because it seeks to impose outline approval for development or a statutory presumption in favour of development for new planning applications, as in our response to the previous Committee question and that complicates the processes of decision making.

3.3 If the required number of affordable homes are not included in the application details, it does not matter how well a development is designed. Payment of additional levy for affordable homes elsewhere would not always meet the needs of the area, particularly if the proposals for avoidance of paying Infrastructure Levy by some developers, which the Government proposes, are implemented.

4. What approach should be used to determine the housing need and requirement of a local authority?

Determining Housing Need

4.1 The main problem is the method for distribution of "housing requirements" for additional homes with untested assumptions and little consideration for capacity constraints, especially in London. The Government has implied it would set local housing targets centrally, which would not take local situations, land capacity and types of homes required into consideration.

4.2 London Forum considers that there is a need for complete rethink on the methodology for generating "housing requirement" figures of each local planning authority.

4.3 The London Forum strongly supports the approach used in the London Plan, which assesses objectively-assessed need for homes (through a London-wide Strategic Housing

Market Assessment (SHMA) and assesses capacity (through a London-wide Strategic Housing Land Availability Assessment (SHLAA) at the borough level and London level.

4.4 The London Plan seeks to reconcile need and capacity at the London level and redistributes the housing target to boroughs directly related to their capacity. The overall London target reflects both need and capacity, with the target redistributed to London boroughs according to their capacity to accommodate additional housing.

4.5 London Forum supports the approach used in London, which attempts to reconcile London-wide need and capacity, through redistributing growth at a London-wide strategic level. The London borough housing targets reflect the capacity of each borough to contribute to the London-wide London Plan housing target.

4.6 The latest London Plan, still awaiting approval by the Secretary of State, originally produced a “need” figure of 67,000 net additional housing units per year, whilst the London-wide capacity, after increasing assumptions about density of development, was calculated to be 66,000pa. To achieve this, a significant amount of the additional “capacity” was assumed to be from “windfall” sites. Following the Examination in Public, the Panel reduced the London target to 52,000 net additional units per year.

Housing Requirements for London

4.7 The national target for England of 300,000 is a manifesto commitment – it is **not** “objectively-assessed need” as defined in the NPPF, which is largely forecasts based on household formation rates for different types of households.

4.8 The proposed changes to the planning system would use a formula for distributing this target which strongly skews the housing “requirements” to areas of the country where house prices are highest, especially London and the South East, on the assumption that this will encourage a large increase in the amount of housing and therefore make housing more affordable in those areas. This approach does not work where capacity is limited.

4.9 Lichfields have applied this formula/algorithm to all local planning authorities in England. The annual total for London, before taking account constraints, whether for physical or policy reasons, was calculated as 93,500 additional units a year – about 80% more than the London Plan target.

4.10 At London borough level, the algorithm would distribute that total to areas with the highest house prices, especially some of the more central London boroughs. This would produce some very high “housing requirement” numbers, albeit that this did not take account of various constraints, such as lack of housing sites, high coverage by conservation areas, and low rates of redevelopment. These figures are unrealistic and misconceived.

4.11 Almost 100% of housing sites that come forward for development arise as a result redevelopment of previously-developed sites. The only sites that have previously been developed are Green Belt and Metropolitan Open Plan (MOL), both of which are protected by the NPPF and the London Plan.

4.12 These “constraints” plus conservation areas mean that potential capacity is limited by the rate of redevelopment.

4.13 The overall London-wide “uplift” in the “housing requirement” is 80% above the latest London Plan target of 52,000 net additional homes per year. In boroughs with the highest house prices (and lowest capacity) the “uplift” is far higher – such as Kensington and Chelsea from 448pa to 3,285pa (>7 times higher), City of Westminster from 985pa to 5,750pa (nearly 6 times higher) and Camden from 1,038 to 5,604pa (5.4 times higher). Other boroughs would have their current housing target reduced, even though they accepted it at the examination last year of the draft New London Plan. That indicates the Government’s formula is flawed.

4.14 London Forum considers that these “housing requirement” numbers are simply unachievable due to the capacity constraints. It would require wholesale redevelopment at higher densities on a regular basis to achieve some of the highest “housing requirement” figures. There is a further problem if some London boroughs were to have their figures significantly reduced by demonstrating the constraints they face – other boroughs might have to accept higher figures if the headline number for London were to be maintained.

But would these high housing requirements succeed in making housing more affordable?

4.15 Research undertaken in the early 1990s into the impact of increasing release of land for housing on house prices, came to the conclusion that the only way that this could make a significant impact on house prices would be if the action were taken on such a scale, over such a wide area and over such a length of time, that the policy would be unacceptable.

Source: Department of the Environment, The relationship between house prices and land supply, 1992

4.16 An article by Ross Clark, How will the government’s new planning reforms affect house prices? Spectator, 5 August 2020 (Note the date!) said:

“Anyone who is expecting house prices to fall as a result of more liberal planning laws may be in for disappointment. True, open up more land to development and you might expect land values – a very large element of the price of a finished home – to fall. Trouble is, you would have to open an awful lot of land for development in order to see a collapse in land values, and it is hard to imagine a Conservative party really doing that. More likely is that the government will open a little more land for development and take some control away from local authorities.”

But the London housing market is even more unlikely to show increased affordability

4.17 In the areas with the highest house prices, the characteristics are extreme: the rate of completions is low – and new housing is carefully “released”

- the output is almost exclusively targeted at the top end of the market, often from abroad for whom the accommodation is an investment not a primary residence, or a pied-a-terre for people whose main home is elsewhere.
- Much of this does not meet “objectively-assessed” local need, nor is there any trickle-down effect on the price of housing.

GLA evidence suggests that 87% of new housing in London is only affordable by 8% of households.

4.18 Developers in the Prime Central London residential market are unlikely to produce more affordable housing on any scale. If anything, they are seeking other high-end products,

such as luxury extra-care housing for older people, which has all the wide range of amenities of the highest end of the luxury flat market.

4.19 The main exceptions to this model of loading luxury housing in at the top, will be the major housing development in the Outer London Opportunity Areas, such as in Barking and Dagenham. The irony is that Barking and Dagenham's "housing requirement" figure calculated by the Government's formula is 25% smaller than the Mayor's New London Plan housing target for that borough, even though it has high housebuilding capability.

Housing Constraints

4.20 The proposed "housing requirement" being handed down to each local planning authority has very little to do with "objectively-assessed need" for housing. These figures have been generated through a formula which seeks to allocate higher housing numbers to areas where house prices are least affordable, on the assumption that building more housing will mean that housing will become more affordable.

4.21 This simple law of supply and demand approach to economics when applied to the situation in London simply does not work!

4.22 The Secretary of State's foreword to 'Planning for the Future' refers to "affordable housing existing communities require", but the nine aims in the Introduction include only "support home ownership" with no reference to supplying homes to rent that people can afford. In many areas in London affordable housing for home ownership is an oxymoron.

4.23 The target for 300,000 additional homes is not about "objectively-assessed housing need" but an untested economic theory in the context of locations with high house prices, particularly in London, that increasing delivery will reduce prices sufficiently to increase affordability

4.24 The housing needs of many local authorities includes affordable housing, for which 'Planning for the Future' seems to give low priority. London Forum is concerned that the Government gave an unsatisfactory response to the HCLG Select Committee's research and recommendations on the need to supply homes that people on low incomes can afford to rent. Local economies and quality of life should not be put at risk by failure to house key workers in anything but overcrowded and inadequately sized accommodation and exposure to the high rents and insecurity of tenure in the Private Rented Sector that is driven by lack of public sector affordable homes to rent.

5. What is the best approach to ensure public engagement in the planning system? What role should modern technology and data play in this?

5.1 Direct community engagement in formulating the Local Plan, the master-planning of allocated sites and areas and the preparation of design codes and their testing through the EiP with participation of those who proposed changes to the draft Local Plan, is proposed in the White Paper. This will be absolutely essential, but perhaps unachievable in the shorter timescales proposed for Local Plan making. However, the community will also need to be engaged as the proposals are developed and consulted on the eventual "application". The White Paper proposes to preclude this.

5.2 Role of modern technology – this can be used to widen the reach, in addition, but not instead of to face-to-face discussion/dialogue. But the Government still needs to

consider whether this manages to include communities currently excluded by traditional approaches.

5.3 The Planning White Paper (paragraph 2.48) talks about “comprehensive “best-in-class” ways of achieving public involvement” yet provides no clues to what this involves.

5.4 Communities should be encouraged to run charettes and other ‘Planning for Real’ process to involve people in what should happen to the area in which they live, for delivery to their Council for place making and meeting needs. Local authorities should be required to take notice of that input in revising Local Plans and defining local requirements.

5.5 Public engagement in the planning system will be adversely impacted if they find they can no longer comment on new planning applications, as ‘Planning for the Future’ proposes. See our response to the first question above. They will also expect their elected Councillors to decide whether or not to grant approval and their faith in democracy will be harmed if they see that is no longer possible for most applications, even those which do not conform to the specified requirements in Local Plans, but might have to be decided, in some cases, only on the basis of NPPF policies, not local ones.

6. How can the planning system ensure adequate and reasonable protection for areas and buildings of environmental, historical, and architectural importance?

6.1 We do not consider that new national policies for managing development in such areas can do more than state general principles. For example, managing development in conservation areas in villages and those in high-density areas in London will need more than general principles – it will need local policies that reflect their particular circumstances as articulated through the borough’s context and character studies, conservation area appraisals and conservation area management plans.

6.2 With regard to making decisions, the applications for these areas must continue to be made with full public consultation and the opportunity for these views to be taken into account in decision-making, especially where such decisions are made by the planning committee.

6.3 ‘Planning for the Future’ states in paragraph 2.35 that “In areas where development is restricted (Protected areas) any development proposals would come forward **as now** through planning applications being made to the local authority and judged against policies set out in the National Planning Policy Framework.” That is confusing, as with our comments on similar areas not made clear in our comments on the first question. The words “as now” should allow the current decision processes to be applied including on the content of the Local Plan. Is that what is meant or will the NPPF triumph over all local policies?

7. What changes, if any, are needed to the green belt?

7.1 The Government should support London Plan policy for protecting both Green Belt and for MOL. In the London Plan (Policies G2 and G3) both have the same degree of policy protection. MOL is even more valuable to local communities as it provides vital public open space and major environmental benefits.

Any proposals for change of use should come through the Local Plan.