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8th November 2017

Dear Planning Policy Consultation Team

Planning for the Right Homes in the Right Places: consultation proposals

This is the formal response of the Campaign to Protect Rural England Sussex Branch (CPRE Sussex) to the above consultation. CPRE Sussex works to promote the beauty, tranquillity and diversity of the Sussex countryside by encouraging the sustainable use of land and other natural resources in town and country. We encourage appropriate and sustainable land use, farming, woodland and biodiversity policies and practice to improve the well-being of rural communities.

Whilst we shall upload our response to each of your questions via the online survey, some of our comments are outside the restrictive framework of the questions proposed and relate more to what is missing from the proposals or the assumptions upon which the proposals are based.

For example, although we agree that the housing market is 'dysfunctional' the root cause of this cannot simply be explained as 'we haven't built enough homes.' The crisis is that 'we haven't built enough of the right sort of homes in the right places' and the root cause is growing inequality and over-reliance on the market to deliver the homes which are needed. We agree that a great deal of money is wasted on 'bureaucratic arguments...behind closed doors' and this leaves local communities frustrated and disillusioned. However, we do not see how the new approach would give communities 'greater control' to shape their local area.

The new OAN formula is not designed empirically, but to produce a particular politically driven result. It is unachievable fanciful thinking to believe that the use of an arbitrary formula designed to produce a particular result is the solution to achieving that result without tackling the underlying developer-driven causes of slow delivery, and crazy to penalise LPAs who cannot build out sites themselves.

Whereas the introductory paragraphs of the consultation document correctly report the NPPF as requiring a two stage plan development process to arrive at a plan housing delivery target, namely identification of housing need at stage 1, and consideration of whether the deliverability of that need is realistically constrained by unavoidable environmental and/or infrastructure problems, the standard OHNA modelling and consultation document's deliverability requirements ignore the second stage process which (if the NPPF is properly applied, is bound to reduce the sustainable level of housing deliverability in districts with, for example, significant proportions of national park, AONB or Natura 2000 sites within their areas. The failure to allow for the potential of such constraints is a fundamental flaw in the consultation proposals.

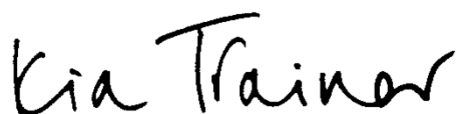
Infrastructure deficiencies need to be tackled on a regional or sub-regional basis. The focus on cross boundary working on housing issues masks the need for similar cross boundary working across the planning piece, including infrastructure, and landscape/biodiversity enhancement.

We are concerned that the consultation paper offers no concrete proposals in relation to housing types. It should. Too few local plans contain a specific, evidence-based policy as to the specific types of housing that need to be prioritised for different parts of the plan area. A policy of this type is arguably essential to direct the private housebuilding sector into developing homes that match priority needs for starter homes, smaller houses to support downsizing amongst older people etc. Without policy direction, house builders will always prefer to build larger houses and on greenfield plots. Given the Government's determined dependence on the private sector to build their way out of the housing supply crisis, requiring local and neighbourhood plans to include evidence based policies on the range of dwelling types/sizes needed should be included in future legislation or the planned revision to the NPPF. LPAs must be entitled to reject planning applications that don't meet their priority criteria, even if they have a shortfall in their overall deliverability targets.

Underlying the insolubility of the housing supply problem (particularly homes to get people onto the ladder) is the level of dependence on the private sector to build us out of the crisis and the level of profit that the Government accepts that they are entitled to earn. The primary motivation of the private sector is inevitably to build to suit its profitability, not to satisfy a social need.

Elements of the new proposals are welcomed – for example, more resources for planning authorities and communities, more investment in infrastructure (as long as this is broader than 'schools and roads' and encompasses 'green infrastructure' and opportunities for NMU.)

Yours sincerely,

A handwritten signature in black ink that reads "Kia Trainor". The script is fluid and cursive, with the first letters of "Kia" and "Trainor" being capitalized and prominent.

Kia Trainor
Director, CPRE Sussex

Consultation Question
Proposed approach to calculating housing need
<p>Question 1(a)</p> <p>do you agree with the proposed standard approach to assessing local housing need? If not, what alternative approach or other factors should be considered?</p> <p>No.</p> <p>CPRE Sussex agrees with para 12 that the lack of a standard approach to assessing housing need has led to a ‘costly and time-consuming process which lacks transparency.’</p> <p>It is very desirable to have a single method of calculating the OAN which does not lead to lengthy and expensive debate during Plan examination or public enquiries. We welcome a new system which is simple, based on publicly available data and particularly one that is realistic. However, the system proposed does have flaws;</p> <p>The first flaw is the extent to which ‘market signals’ and particularly affordability relate to the overall calculation of ‘Need’ as this is based on two fallacies -the first being that a lack of housing supply in a given area is the result of a historic lack of allocations and not the result of a scarcity of available, suitable land. High prices generally reflect shortages of suitable building land. For example, in Sussex there are a number of constraints such as designated landscapes (the South Downs National Park, two Areas of Outstanding Natural Beauty, SSSIs, ancient woodland, Ramsar sites) and inadequate infrastructure, particularly transport and flood management. This means that for many districts and towns such as Brighton and Hove, Lewes and Adur the actual OAN calculation is academic as it cannot realistically ever be met in full. Making this target higher to reduce house prices will not be effective in getting more houses built.</p> <p>The introductory paragraphs of the consultation document correctly report the NPPF as requiring a two stage plan development process to arrive at a plan housing delivery target, namely identification of housing need at stage 1, and then stage 2 consideration of whether the deliverability of that need is realistically constrained by unavoidable environmental and/or infrastructure problems. The standard OAN modelling requirements ignore the second stage process which (if the NPPF is properly applied, is bound to reduce the sustainable level of housing deliverability in districts with, for example, significant proportions of designated land within their areas.) Alongside the main consultation document the Housing Need figures have been produced in tabular form. This table sets out the extent to which land in each LPA area is covered by National Parks / AONB etc. However, the proportion of designated land (such as National Park / AONB) is not then factored into the equation. This is a serious omission. For example, 90% of Rother District is designated land, mainly AONB, yet it has been</p>

given an uplift of 28% OAN. Where will these houses go if not in the AONB? The failure to allow for the potential of such constraints is a fundamental flaw in the consultation proposals.

The second fallacy is that housebuilders will continue to build in an area where increased provision leads to a reduction in house prices. The current approach just isn't compatible with the business model of our market house builders, who will never build so many houses that the prices fall. That is their biggest operating risk to their profitability, and a situation they will use every effort to avoid. If house prices fall there is nothing to prevent build rates from slowing until prices pick up again. This is borne out by evidence including the House of Commons Communities and Local Government Committee report, 'Capacity in the homebuilding industry', 29 April 2017, which found that to recover their investment, developers will be more likely "to build more slowly to maintain prices; Civitas: 'Planning approvals vs Housebuilding activity, 2006-2015',: house-builders and developers are hoarding permissions in order to push-up house prices and profits; Local Government Association: 'Unlocking the housing blockers. Tackling unimplemented planning permissions and housing delivery barriers in the South East', January 2017: *"we face a major problem: a growing backlog of unimplemented planning permissions that means many of the homes we approve are not being delivered."*

Meanwhile, the danger of releasing more land for development to compensate for stalled sites is that developers will then cherry pick which sites they develop based on where they can achieve the best margin. With housing delivery then potentially dropping, an authority could lose their five-year supply of land meaning that unallocated sites are then developed with the less attractive, allocated sites left undeveloped. Developers hold most of the cards already, this proposal to increase allocation via the affordability factor simply hands developers further opportunity to abuse the system. It does not ensure that the rate of completions on the right sites is increased and could lead to further pressure on greenfield sites.

Another flaw is the basic premise of the adjustment factor, namely that increasing the rate of home building will reduce the affordability ratio. This assumption is simplistic and not borne out by the evidence. The consultation document provides two references to support the contention, Kate Barker's 2004 Review of Housing Supply and NHPAU's 2008 report "Affordability still matters." The Barker review concluded that an increase in the rate of house building from 125,000/year to 245,000/year might bring down the trend rate of house price growth to the European trend rate of 1.1per cent. However, this rate of increase in supply would need to be sustained over several years to start to reduce the affordability gap. Recently, Kate Barker has confirmed that increasing supply is clearly not going to be effective on its own and alternative policies will be needed

In the NHPAU report there is a stark lack of evidence or support for their contention that their modelling has shown that affordability would increase if the delivery of new homes increased. As this contention is without any quantification, it cannot be relied upon to influence policy.

Therefore, this consultation's assertion at paragraph 24b that there is considerable economic evidence that demonstrates that growth in house prices is inversely related to the level of house building, is not substantiated by the chosen references. The Barker review indicates an enormous amount of supply would be needed and the NHPAU report relies on an unsubstantiated statement.

In their 2016 report, "Forecasting UK house prices and ownership", Oxford Economics state:

"Most notably, we have found that the very rapid house price increases of the past 20 years do not appear to have been the result of insufficient supply."

And:

"but our results suggest that the effect, at any realistic rate of new supply, would have been limited".

With lack of supply only having a marginal influence on housing affordability, other factors having a greater effect include:

- Buy to let. This has been estimated to have increased prices between 1999 and 2007 by up to 7%.
- Increase in households - 1% increase in households leads to a 2% increase in price
- Income growth - 1% increase in income leads to a 2.2% increase in prices
- Help to Buy – large body of evidence (Shelter, OBR, IMF, Imla)) that this scheme has worsened affordability. It has helped a few get on the housing ladder at the expense of the many by inflating prices affecting all first time buyers.
- Competition from overseas investors
- Low interest rates
- The increase in second home ownership
- The successful use of viability assessments for affordable housing delivery increases the median value of market housing and thus worsens the affordability ratio.
- Higher cost of credit for first time buyers (despite low interest rates)
- Relative decline in first time buyer earnings
- House sale values including an excessive margin. With the construction industry generally operating on margins well below 5%, why should a 20% margin be deemed equitable for house builders?

- Lack of competition. There is minimal, if any, competition between the volume house builders whilst lack of access to finance has decimated the number of small/medium sized businesses.

The formula set out in para 21 is not designed empirically, but to produce a particular, politically driven result. It is unachievable, fanciful thinking to believe that the use of an arbitrary formula designed to produce a particular result is the solution to achieving that result without tackling the underlying developer-driven causes of slow delivery, and wrong to penalise LPAs who cannot do so. The formula itself is 'mathematical hocus pocus' and not grounded in reality.

The use of the household projections to provide a baseline forecast is inappropriate when by definition, the basic data is not a forecast but a projection of past trends. Thus, any one-off events during the trending period will be captured and adversely influence the projection. A factor should be included in the calculation for those periods when updated population growth projections are published but the same period's updated household growth projections are not. This is the case at present, when the latest population data is for a 2016 projection but the latest household formation is for a 2014 projection. The 2016 population projections are significantly different from those in the 2014 population projections: 2016 projection for 2031 population is 70.6m, the 2014 projection for 2031 was 71.7m; the 2016 projection for 2041 is 72.9m versus the 2014 projection of 74.9m.

The methodology supports greater housing growth in rural areas where housing is more expensive. However, many rural settlements are not well supported by public transport and have protective designations. Many urban areas desperately want investment and regeneration and the new methodology would hinder this. We believe that Increasing the calculation of 'Need' in areas of expensive housing will exacerbate the existing problem of an already heated housing market in the South East and may direct investment away from other areas in need of regeneration. This could worsen the 'north south divide.'

Para 26 mentions that 'Local Authorities are able to plan for a higher number than set out by our proposed method. If the aim of the new methodology is to make the process less costly and time-consuming and more transparent, then this sort of ambiguity is not helpful.

Finally, a 40% cap for authorities transitioning to higher levels of demand is too high and will immediately lead to a loss of 5-year housing land supply in some areas, thus making many elements of the Local Plan redundant and penalising any local communities who have made Neighbourhood Plans.

Question 1(b)

how can information on local housing need be made more transparent?

The problem with using an OAN as one figure is that it aggregates all types of housing needed into one number with the assumption that the market can deliver the correct mix. This is not true and particularly in the case of affordable housing (see for example, Shelter: 'Slipping through the loophole. How viability assessments are reducing affordable housing supply in England', November 2017, Rose Grayston) We believe that the need for market and all types of affordable housing (any housing receiving a public subsidy) should be quantified separately. This would give much greater transparency to the process. This information – the TYPES of homes which are needed in a given area – should be readily available on the Local Authorities' website.

Question 2:

do you agree with the proposal that an assessment of local housing need should be able to be relied upon for a period of two years from the date a plan is submitted?

No.

We believe that the assessment of local housing need should be relied upon for a period of 5 years in line with the timeframe for plan review. This is because Local Plans should provide certainty and prevent endless legal arguments. Most Local Plans in Sussex have taken at least 5 years to produce. It would be unrealistic to expect Neighbourhood Planning groups to be able to respond to a change in housing target with anything less than a 5-year timeframe.

Question 3:

do you agree that we should amend national planning policy so that a sound plan should identify local housing needs using a clear and justified method?

Yes.

However, see our comments in relation to Q1, particularly that Local Authorities with constraints including Areas of Outstanding Natural Beauty, National Park, Flood risk etc should not be forced into adopted a target which cannot be met. Meeting 'Need' (or 'Demand') should be balanced with the other requirements of the NPPF as a whole, as this theoretically represents 'sustainable development'. Greater clarity of this issue should be given in order to prevent lengthy and expensive debate at plan examination.

Question 4:

do you agree with our approach in circumstances when plan makers deviate from the proposed method, including the level of scrutiny we expect from the Planning Inspectors?

Partly

We agree with the common-sense approach that in National Parks such as the South Downs National Park and other areas where the LPA does not align to LA boundaries a local approach is used.

We do not agree that in areas where the local assessment of need is greater than that proposed by the methodology planning inspectors work on the assumption that the plan is sound unless 'compelling' reasons indicate otherwise. Surely the approach (para 47) should be the same regardless of whether a LA is exceeding the target set by the methodology? Surely a higher target would involve greater scrutiny to ensure it can be met?

Question 5(a)

do you agree that the Secretary of State should have discretion to defer the period for using the baseline for some local planning authorities? If so, how best could this be achieved, what minimum requirements should be in place before the Secretary of State may exercise this discretion, and for how long should such deferral be permitted?

We believe that the 5 year housing land supply should only be assessed against the Housing Target, not the OAN as this is not a 'real world' scenario which does not take into account constraints. Imposing a new target from March 2018 based purely on the OAN will have disastrous effects on some LPAs and the sector which will be most greatly disadvantaged will be local communities, particularly those who have spent years developing Neighbourhood Plans which effectively become obsolete.

We also believe that the Housing Delivery Test is flawed in that it puts the onus on housing completions upon LPAs who are able to allocate, but not generally build out, sites (see our response to Q1, also for example, Local Government Association: 'Unlocking the housing blockers. Tackling unimplemented planning permissions and housing delivery barriers in the South East', January 2017)

Question 5(b)

do you consider that authorities that have an adopted joint local plan, or which are covered by an adopted spatial development strategy, should be able to assess their five year land supply and/or be measured for the purposes of the Housing Delivery Test, across the area as a whole?

<p>Question 5(c)</p> <p>do you consider that authorities that are not able to use the new method for calculating local housing need should be able to use an existing or an emerging local plan figure for housing need for the purposes of calculating five year land supply and to be measured for the purposes of the Housing Delivery Test?</p> <p>Yes – however see our comments to section 5(a) in relation to the Housing Delivery Test.</p>
<p>Question 6</p> <p>do you agree with the proposed transitional arrangements for introducing the standard approach for calculating local housing need?</p> <p>No</p> <p>This approach is unfair to authorities with major constraints and plans that date from 2012/2014 as they have too little time to respond. For example, in Chichester, 74% of the District is under protective designations (such as the South Downs National Park) and where the scheduled Local Plan review is delayed by uncertainty about Highways England’s funding for trunk road (A27) improvements. Flexibility is required in such situations. In Rother 90% of the District is under protective designations.</p>
<p>Statement of common ground</p>
<p>Question 7(a)</p> <p>do you agree with the proposed administrative arrangements for preparing the statement of common ground?</p> <p>The Statement of Common Ground section and related questions take no account of the requirement as stipulated in the NPPF for development to be sustainable, as set out in the NPPF paragraphs 6,7,8,9 and 10 – and the stipulation at NPPF paragraph 10 that <i>“Plans and decisions need to take local circumstances into account, so that they respond to the different opportunities for achieving sustainable development in different areas”</i>.</p> <p>The Consultation proposals if implemented would not take local circumstances into account and could and probably result in development that is unsustainable.</p> <p>Infrastructure requirements and measures needed to enhance biodiversity and to ensure that development and growth is truly sustainable need to be planned for and</p>

delivered either on a regional or sub-regional basis, not by piecemeal 'cross-boundary working' and 'statements of common ground'.

We have observed that at many local plan hearings statutory bodies are not effectively engaged and we would welcome steps to ensure that they work more proactively through the process. For example, at the recent local plan hearings for Arun District, bodies such as Southern Water and Highways England produced 'Statements of Common Ground' with the council which appeared on the day of hearings. This also happened with the Environment Agency at the Adur Local Plan hearings. This is too late in the process to be effective. Greater emphasis should be placed on the co-operation of these Agencies early in the process.

The real housing market area for much of the South East is the entire area from which one can sensibly commute to greater London. This includes some areas in Sussex, e.g. Brighton, but not others, e.g. Rural Rother or Arun. You can't sensibly meet unmet London commuter demand that cannot be accommodated in Brighton in these latter places. The real alternatives are urban Essex, Hertfordshire or the Thames Valley. You can't even meet actual Brighton need in rural Arun or Rother because the infrastructure does not, and will not within the Plan period, allow the commuting thereby created.

Question 7(b)

how do you consider a statement of common ground should be implemented in areas where there is a Mayor with strategic plan-making powers?

Irrespective, of whether there is a Mayor with strategic plan-making powers,

The Consultation proposals if implemented would not take local circumstances in to account and could and probably result in development that is unsustainable.

Infrastructure requirements and measures needed to enhance biodiversity and to ensure that development and growth is truly sustainable need to be planned for and delivered either on a regional or sub-regional basis, not by piecemeal 'cross-boundary working' and 'statements of common ground'

Question 7(c)

do you consider there to be a role for directly elected Mayors without strategic plan-making powers, in the production of a statement of common ground?

The issue is that the Consultation proposals, if implemented, would not take local circumstances in to account and could and probably result in development that is unsustainable.

Infrastructure requirements and measures needed to enhance biodiversity and to ensure that development and growth is truly sustainable need to be planned for and

delivered either on a regional or sub-regional basis, not by piecemeal 'cross-boundary working' and 'statements of common ground'
<p>Question 8</p> <p>do you agree that the proposed content and timescales for publication of the statement of common ground are appropriate and will support more effective co-operation on strategic cross-boundary planning matters?</p> <p>No.</p> <p>See our response to Q7a.</p> <p>We would like to see greater information as to what would other elements of the NPPF would be picked up by 'additional strategic cross-boundary matters' – for example, planning for a net gain in biodiversity?</p>
<p>Question 9(a)</p> <p>do you agree with the proposal to amend the tests of soundness to include that:</p> <ul style="list-style-type: none"> i) plans should be prepared based on a strategy informed by agreements over the wider area; and ii) plans should be based on effective joint working on cross-boundary strategic priorities, which are evidenced in the statement of common ground? <p>In theory these are positive ideas, however in practice this would be difficult. Infrastructure requirements and measures needed to enhance biodiversity and to ensure that development and growth is truly sustainable need to be planned for and delivered either on a regional or sub-regional basis, not by piecemeal 'cross-boundary working' and 'statements of common ground'.</p> <p>We do not believe that 'directing local planning authorities to amend their plan-making timetables to align the production of plans in the wider area' would work in practice.</p> <p>For example, Hastings BC completed their Local Plan before Rother DC (Hastings is surrounded by Rother and the sea, no other LPAs) and allocated part of their OAN to Rother. Rother, coming later in the Local Plan cycle, was forced to accept that, despite 90% of the District being under protective designations.</p>
<p>Question 9(b)</p> <p>do you agree to the proposed transitional arrangements for amending the tests of soundness to ensure effective co-operation?</p>
Planning for a mix of housing needs

Question 10(a)

do you have any suggestions on how to streamline the process for identifying the housing need for individual groups and what evidence could be used to help plan to meet the needs of particular groups?

We agree that it is critical that 'local planning authorities do not just plan for the right number of homes, but also the different size, type, tenure and range of housing required in their area.' In fact, we believe that this is even more important than a headline number in terms of getting the 'Right Homes in the Right Places' and there should be greater emphasis on this dimension of the new proposals. However, we believe that the price of certain types of housing should not be used to show demand, but a SHMA which considers changing demographics. We agree that there should be a strong evidence base for the types of housing required in an area. For instance, in many parts of Sussex there is already a large percentage of residents over 65 and this number is increasing, so attention must be paid to 'last time house buyers'.

The consultation paper (see paras 88-91) offers no concrete proposals in terms of how to plan for a mix of housing needs. It should. Too few local plans contain a specific, evidence-based policy as to the specific types of housing that need to be prioritised for different parts of the plan area. A policy of this type is arguably essential to direct the private housebuilding sector into developing homes that match priority needs for starter homes, smaller houses to support downsizing amongst older people etc. Without policy direction, house builders will always prefer to build larger houses and on greenfield plots. Given the Government's determined dependence on the private sector to build their way out of the housing supply crisis, requiring local and neighbourhood plans to include evidence based policies on the range of dwelling types/sizes needed should be included in future legislation or the planned revision to the NPPF. LPAs must be entitled to reject planning applications that don't meet their priority criteria, even if they have a shortfall in their overall deliverability targets.

We believe that Assessment of market housing need and houses requiring public subsidy (affordable) are different and cannot be delivered by the same mechanism, a new mechanism needs to be developed to deliver affordable housing (such as Local Authority Housing Corporations) and in the meantime, there should be two separate and clear OAN calculations (market housing / subsidised)

Question 10(b)

do you agree that the current definition of older people within the National Planning Policy Framework is still fit-for-purpose?

Planning for the needs of 'older people' is critical with our aging population, particularly in Sussex. We need to do more to enable both First Time Buyers but also 'Last Time

Buyers' to have choice in the market with good quality, high specification options for older people.

See for example, Local Government Association 'Housing our ageing population. learning from councils meeting the housing need of our ageing population', September 2017

"Many retirees want to 'rightsize' and live in retirement housing in later life, but there is a chronic under-supply of high quality, affordable or desirable accommodation in the right locations, "There is an opportunity for the Government to set out to comprehensively address the housing needs of an ageing population for England, through working with and supporting councils and other stakeholders." "It is essential that high quality data covering demographic, health, and socio-economic factors is consistently available to plan, commission and support the appropriate development of housing for older people".

Neighbourhood Planning

Question 11(a)

should a local plan set out the housing need for designated neighbourhood planning areas and parished areas within the area?

Neighbourhood Plans (NPs) require a great deal of community effort to maintain credibility, once adopted they must be fixed for at least 5 years. There is a huge breadth in the size of communities who are undertaking NPs from the very low hundreds in population to in excess of 20000

The 'Neighbourhood Planning', section of the Consultation Proposals' document, in particular paragraph 95, seems to presume, albeit incorrectly, that the housing need for designated neighbourhood planning areas is not specified in local plans.

The Horsham District Planning Framework (HDPF), which having been examined and approved by a Planning Inspector, was adopted in 2015, includes the provision of at least 1500 homes throughout the District in accord with the settlement hierarchy (HDPF Policy 5). The Council has not set a housing-target for each Neighbourhood Plan to deliver, because as was made clear at the Examination in Public of the HDPF that there was no need for the Council to allocate house-building targets to neighbourhood planning areas. To date it would appear that in Horsham District Neighbourhood Plans will deliver at least 1500 houses over the plan period. Accordingly, there is no need for the Council to allocate targets.

We agree that it is sensible to enable local planning authorities to provide neighbourhood planning groups with a housing need figure, where this is needed in order to allow progress to be made with neighbourhood planning. However, where it is deemed necessary to allocate housing targets to neighbourhood planning areas, the

target set for each area must be in accordance with its role and size in the settlement hierarchy – to ensure that growth is truly sustainable.

We would also like to see NPs given more weight at an earlier stage of preparation, ideally Reg 14 submission stage, not ‘post-examination’ stage.

Question 11(b)

do you agree with the proposal for a formula-based approach to apportion housing need to neighbourhood plan bodies in circumstances where the local plan cannot be relied on as a basis for calculating housing need?

No

A formula-based approach would not take into account the specific circumstances of individual neighbourhood planning areas (such as designated land / constraints) and would result in development and settlement growth that was not truly sustainable. A local assessment of need would be preferable.

Proposed approach to Viability Assessment

Question 12

do you agree that local plans should identify the infrastructure and affordable housing needed, how these will be funded and the contributions developers will be expected to make?

It is essential that local plans identify the infrastructure and affordable homes needed in the plan-period and how these will be funded, including expected developer contribution, alternative funding sources and the extent of any shortfalls, in order to ensure that the plan is deliverable and sustainable. Housing targets must be adjusted to reflect what is deliverable within the plan period.

During the examination of the Horsham District Planning Framework (HDPF), which was approved with modifications, October 2015, the examining Planning Inspector advised that it was not his role to determine whether the plan, in respect of the delivery of infrastructure and essential services, was truly sustainable, and whether the infrastructure needs identified in the HDPF could be paid for and delivered.

Conclusive proof that the viability test is a hindering the ability of Councils in Sussex to secure sufficient social and affordable housing to meet their needs was provided on 22 May 2017 when the majority of Horsham District’s District Councillors voted to permit Liberty Property Trust’s application to build 2750 houses and a business park on irreplaceable countryside, including ancient woodland and productive farmland, North of Horsham.

Although the site was allocated for development in the District's local plan with a policy requirement that nearly 1000 (35%) of the new homes would be affordable, the majority of the Councillors who decided the application accepted the Trust's position that the development could only provide 495 (18%), on the grounds of viability – even though the viability appraisal was deemed to be out-of-date and the likelihood that a new appraisal would show that the site could deliver more than 18%.

Tellingly, the majority of Councillors were fearful that the Trust would secure permission at Appeal should they defer permitting the application to enable a reassessment to be made.

Underlying the insolubility of the housing supply problem (particularly homes to get people onto the ladder) is the level of dependence on the private sector to build us out of the crisis and the level of profit that the Government accepts that they are entitled to earn. The primary motivation of the private sector is inevitably to build to suit its profitability, not to satisfy a social need. There must be another mechanism to ensure the affordable homes which are needed in an area are built.

Question 13

in reviewing guidance on testing plans and policies for viability, what amendments could be made to improve current practice?

Infrastructure requirements should be identified and specified and the cost of providing them determined and stated in Plans, with any assumptions and caveats detailed and explained. This is essential for ensuring that plans are truly sustainable and deliverable.

Currently Viability Assessments (VAs) do not exist in any open testable fashion so that the public may express a view. Underlying this problem is the fact that currently VAs are based on the total myth that a developer should be allowed to generate a 20% profit from a development, and if not then many of the community benefits are lost. On infrastructure projects, constructing companies tend to work on profit margins of less than 5%, especially when they are subject to open tender: Why should housebuilders be in such a privileged position?

We believe that any claims by developers that the required supporting infrastructure and affordable housing are not viable must be validated by open documentation. The current assessment is rough and ready and not transparent.

Question 14

do you agree that where policy requirements have been tested for their viability, the issue should not usually need to be tested again at the planning application stage?

The Question presumes that policy requirements are rigorously tested for their viability as part of the plan-preparation process and at examination by Planning Inspectors –

and that viability tests currently applied provide a sound means of testing viability. This critical presumption needs to be tested and proven.

Question 15

how can Government ensure that infrastructure providers, including housing associations, are engaged throughout the process, including in circumstances where a viability assessment may be required?

Allocations should not be made in a Local Plan until agreements on the level of investment in infrastructure needed and timeframes for delivery are made with statutory agencies and providers such as HE and the EA, Housing Associations, Water companies etc are in place.

Commitments for affordable housing and infrastructures should be understood and treated as policies, not as targets/aspirations, the achievement of which is mandatory, not optional.

Question 16

what factors should we take into account in updating guidance to encourage viability assessments to be simpler, quicker and more transparent, for example through a standardised report or summary format?

Local Planning Authorities should be required to use a standardised reporting format, which infrastructure providers and the providers of affordable housing should be required to complete as part of the plan-making process. Costs should be time-caveated and any uncertainties identified and explained. The resulting business plan should be subject to close scrutiny and testing by an independent body to ensure a standardised approach; not by a Planning Inspector.

Neither Question 16, 17a, 17b nor 17c addresses the ‘transparency issue’, where by viability assessments are redacted by local planning authorities on demand by developers – as has happened in Horsham District, notably in respect of the strategic development North of Horsham (see below). In this instance some District Councillors were discouraged from having sight of the un-redacted version of the viability assessment for the site because they feared that legal action could be taken against them by the applicant should they inadvertently disclose redacted content.

That the viability test is a hindering the ability of Councils in Sussex to secure sufficient social and affordable housing to meet their needs was provided on 22 May 2017 when the majority of Horsham District’s District Councillors voted to permit Liberty Property Trust’s application to build 2750 houses and a business park on irreplaceable countryside, including ancient woodland and productive farmland, North of Horsham.

Although the site was allocated for development in the District's local plan with a policy requirement that nearly 1000 (35%) of the new homes would be affordable, the majority of the Councillors who decided the application accepted the Trust's position that the development could only provide 495 (18%), on the grounds of viability – even though the viability appraisal was deemed to be out-of-date and the likelihood that a new appraisal would show that the site could deliver more than 18%.

Tellingly, the majority of Councillors were fearful that the Trust would secure permission at Appeal should they defer permitting the application to enable a reassessment to be made

Question 17(a)

do you agree that local planning authorities should set out in plans how they will monitor and report on planning agreements to help ensure that communities can easily understand what infrastructure and affordable housing has been secured and delivered through developer contributions?

Yes - many s106 contain private agreements which are not released in full.

Local Planning Authorities should specify in their adopted plans what infrastructure and affordable housing will be secured through developer contributions. They should also identify in their adopted plans, any shortfalls in developer funding, the consequences of those shortfalls and whether the funding can be met from other sources. Annual Monitoring Reports should give details of infrastructure and affordable housing delivered over the reporting period for each development, together with details of any shortfalls, and consequences, and an explanation of how shortfalls are to be addressed.

Question 17(b)

what factors should we take into account in preparing guidance on a standard approach to monitoring and reporting planning obligations?

Account should be taken of whether required information is readily accessible to local planning authorities and whether they are truly capable of monitoring compliance with monitoring and planning obligations, and if not, why not?

Question 17(c)

how can local planning authorities and applicants work together to better publicise infrastructure and affordable housing secured through new development once development has commenced, or at other stages of the process?

By ensuring that this information is readily accessible on-line to the public, parish councils and news media.

Planning Fees
<p>Question 18(a)</p> <p>do you agree that a further 20 per cent fee increase should be applied to those local planning authorities who are delivering the homes their communities need? What should be the criteria to measure this?</p> <p>The consultation suggests that planning fees should only be increased where councils “are delivering the homes their communities need”. We are concerned that this criterion is based on the idea that the only deliverable of the planning application process is new homes. The planning system is about much more than this and a range of strategic economic, social and environmental issues should be used to measure local authority outcomes. It is also based on the idea that councils deliver homes, and are fully empowered to ensure that development actually happens. Market conditions can vary greatly affecting how much development occurs. councils may be tempted to grant permission for the wrong developments in the wrong places, in order to be able to increase their fees. Linking financial reward to planning permissions is not a good idea and the fees should instead help to incentivise an effective decision-making process.</p>
<p>Question 18(b)</p> <p>do you think there are more appropriate circumstances when a local planning authority should be able to charge the further 20 per cent? If so, do you have views on how these circumstances could work in practice?</p>
<p>Question 18(c)</p> <p>should any additional fee increase be applied nationally once all local planning authorities meet the required criteria, or only to individual authorities who meet them?</p>
<p>Question 18(d)</p> <p>are there any other issues we should consider in developing a framework for this additional fee increase?</p>
Other issues
<p>Question 19</p> <p>having regard to the measures we have already identified in the housing White Paper, are there any other actions that could increase build out rates?</p> <p>More emphasis should be placed on ‘giving Local Authorities new and improved tools to hold developers to account for delivery of new homes, backed up by more transparent data about build out.’</p>

LPAs have the role of allocating suitable sites. They generally do this well, allocating sustainable sites, prioritising where possible brownfield sites. They have no power to actually deliver houses. That current failure is entirely down to the house builders, and indeed the DCLG. It is no solution for the DCLG to pressurise the LPAs, providing they have allocated the right number of sites.

Market house builders will only ever build the houses that they believe people need and can afford (indeed at present they are struggling to do even that). They will never even try to build the houses that people need but cannot afford to buy or rent [see House of Lords and Civitas reports*]. This means a large chunk of any sensible OAN. These reports emphasise the need for a new mechanism to build houses. What is the DCLG going to do about that? This key issue is ignored in this discussion paper.

[*Shelter: 'Slipping through the loophole. How viability assessments are reducing affordable housing supply in England', November 2017, Rose Grayston; House of Commons Communities and Local Government Committee report, 'Capacity in the homebuilding industry"', 29 April 2017; House of Lords Select Committee on Economic Affairs, 'Building more homes', 15 July 2016; Civitas: 'Planning approvals vs Housebuilding activity, 2006-2015; 2016.]

The only consequence of the approach proposed here, increasing the required buffer, would be to divert market housebuilding from the sustainable urban brownfield sites that LPAs rightly allocate to the rural greenfield that the strategic land industry and market house builders find more profitable.

What is needed is a mechanism to ensure allocated and sustainable sites are actually delivered, and completion rates meet 5 year requirements. There is nothing in these proposals to help.