

Consultation on changes to the current planning system

Summary

Standard Methodology

The introduction of a revised method for calculating housing need will place an unsustainable demand in the City. The Coventry City Local Plan was adopted in 2017 following a robust and evidence-based Examination. Through that process we demonstrated that the City could accommodate on average 1230 dwellings a year, with neighbouring authorities meeting any further unmet need. Delivering the current Local Plan required Green Belt release to allow for the necessary growth.

The proposed new formula would require Coventry to deliver an additional 1446 dwellings every year; this would require significant further Green Belt release around the City. We believe that the Standard Methodology needs to be cognisant of constraints and capacity when setting initial requirements, and that the drive for significantly higher volumes of development is not reflected in the population projections.

The proposals in the White Paper to make the Methodology the basis of a binding housing requirement, with constraints calculated and applied at a national rather than local level, make the accuracy and deliverability of this formula essential.

Affordable Housing changes

Further proposals remove the ability to require affordable housing on small sites and introduce a new discount for first time buyers.

The principle of First Homes, potentially replacing the shared ownership model, has some merit. We retain concerns regarding the mechanism for calculating the value of the discount due to the possibility of inflating market value, especially in exception sites. However, the principle demand for affordable housing in Coventry is for social rented properties, and by placing First Homes in such a pre-eminent position the delivery of the type of affordable homes the City needs is potentially undermined.

The proposal to lift the threshold before which any affordable housing is required is strongly objected to. The proposal will see less affordable housing delivered despite the clear and demonstrable need for it, one which the consultation paper acknowledges in the revisions to the Standard Methodology. Whilst we support the principle of incentivising SME builders, we believe that the current threshold should remain and that other stimulus be sought to encourage SME builders to bring forward sites.

Permission in Principle (PiP)

The PiP process requires authorities to approve in principle a scale of development with limited information and with a much shorter consultation window. Whilst this might be deemed appropriate on small-scale development, allowing larger developments access to this path will magnify the issues

of making decision quickly, with little detail and without sufficient opportunity for the public to be involved with or comment on the application. We believe therefore that the PiP process should not be expanded to major development.

Response to consultation questions

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?

We do not agree. We believe that the appropriate baseline is the most recent population projections and that the proposal has the potential to provide for homes where they are not needed.

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

We do not agree with the principle of using existing stock as a fall-back to guarantee higher housing requirements irrespective of population projections, and so do not agree with the underlying method.

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.

It is not appropriate. By focussing the median earnings and median house price calculations on a single LPA area the results completely ignore the way economic geographies function, something that is well understood through Housing Market Areas and was previously emphasised by government during the formation of Local Enterprise Partnerships based on economic geographies. By producing such a narrow, limited geographical correlation between earnings and house prices the process completely ignores the reality of how and where people work.

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.

Affordability of housing is certainly an issue, but not one that can be solved simply by allocating an increasing quantum of land for housing. The intention of this process is to suppress prices by flooding the market with product, and this is a fundamentally flawed.

Firstly, there is no clear mechanism for guaranteeing delivery of houses on allocations, and no real punitive measures for developers who choose not to bring forward allocated land or choose not to enact consents. There is a significant difference between consenting a scheme and the completion of a dwelling, as evidenced by the ca 1million consented dwellings that have yet to be commenced across the country.

Secondly, there is a limit to how much housing can sell before market saturation occurs. Developers will throttle the completion of developments to maintain profit margins and under the current proposal the only consequence of this is for the LPA to allocate even more land.

Finally, there is no consideration to the other side of the affordability equation, how do we raise people's earnings. Indeed, by requiring such a significant addition of housing, employment land will

be under serious threat to be given over to housing development, thereby removing access to new, higher-GVA employment opportunities.

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

As per our response to Q4 the result of the additional affordability weighting means significantly larger housing numbers. This is, at best, a crude and rudimentary approach to suppressing house prices and, as outlined above, one that is very unlikely to succeed as there are a myriad of other factors involved and untouched by these proposals.

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?

This is not relevant to this authority so would be inappropriate to comment beyond stating that the greater the period of time given to those authorities effected the better.

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

This is not relevant to this authority so would be inappropriate to comment beyond stating that the greater the period of time given to those authorities effected the better.

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 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)**

Social rented properties are a key priority for both the authority and its residents, and Coventry City Council object to any proposal that might undermine the ability to deliver these. We therefore disagree that First Homes should be given a pre-eminent position, and that social rented properties should be given that priority.

In response to the specific question, we believe iii) that we need to deliver low cost rented solutions for our residents and this is a much higher priority than any other ownership tenures.

With regards to current exemptions from delivery of affordable home ownership products:

Q9: Should the existing exemptions from the requirement for affordable home ownership products (e.g. for build to rent) also apply to apply to this First Homes requirement?

Yes, they should apply.

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

All existing exemptions should be retained

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

We believe that supported housing schemes should be included due to the marginal viability, but important role that these schemes play in both delivering appropriate accommodation and freeing up existing housing stock.

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

We retain our fundamental objection to the introduction of First Homes as a pre-eminent form of Affordable Housing, thereby ignoring any local needs that require a different solution. If a transition to this system to go ahead Local Authorities should be able to vary their affordable housing mix without the need to go through a Plan Review to do so, perhaps via Supplementary Planning Document to ensure a quick transition to a more appropriate mix.

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

We retain our fundamental objection to the introduction of First Homes as a pre-eminent form of Affordable Housing, thereby ignoring any local needs that require a different solution. However, if this is to be introduced allowing for a variation in greater discount is appropriate.

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?

We do not. By delivering a First Homes exception site understanding the market value in order to derive a discount will be incredibly difficult, and entirely open for developers to 'game' the system, raising market values sufficiently so that the discounted product still sells at high margins and at a value inaccessible to the vast majority of residents.

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

No we do not agree, by replacing the clear guidance contained in footnote 33 there will be less clarity and therefore a likely increasing in speculative, inappropriate and overly large rural exception site applications.

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

Agreed, although also believe that a) First Homes should not be given the over-riding priority suggested and b) First Homes-only exception sites should not be provided for given the difficulties in establishing market values in such a bubble.

Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period? (see question 18 for comments on level of threshold)

We do not. Access to affordable housing, in a range of tenures, is essential. This proposal is intended to drive a surge in smaller sites, all of which will have no affordable housing, thereby exacerbating existing affordability issues. There is an inconsistency within these proposals, where two of the proposals are aimed at solving an affordability issue and then this proposal that will only increase the affordability issue. Finally, there is no mechanism to ensure that the targeted beneficiaries of this proposal actually benefit. Larger housebuilders will be in much better positions in terms of workforce, materials and liquidity to progress sites and maximise profits at the expense of providing much needed affordable housing.

Q18: What is the appropriate level of small sites threshold? i) Up to 40 homes ii) Up to 50 homes iii) Other (please specify)

iii) We strongly believe that the current threshold should be retained.

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

Given that we do not agree that the threshold should be moved, and so disagree with the proportionate raising of the site size threshold.

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

We do not believe the threshold should be moved and do not believe that it will provide the economic impetus to SMEs that is stated. It risks attracting larger developers to sites they would not have considered previously, thereby squeezing out SMEs and diverting workforce away from larger but less profitable sites.

We are also incredibly concerned with the description of the timeframe being an “initial period” opening the door for this to become extended or even made permanent, to the detriment of residents needs to access affordable housing.

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

Any attempts to disaggregate sites in order to avoid affordable housing thresholds should be resisted, and we would welcome any planning guidance that can guard against this, irrespective of the threshold quantum.

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

Yes, maintaining the lower threshold currently available in rural areas is essential.

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

We do not believe that the above proposals will help SMEs deliver new homes. There is significant risk of larger developers being attracted to the additional profit available without affordable housing

requirements on smaller sites, and that they will effectively out-muscle SMEs and all at the cost of much-needed affordable units.

If supporting SMEs is the intention then targeted interventions on developers with a capped turnover (as was the case with the COVID-related CIL relief) would be an appropriate mechanism, perhaps by exempting them from Stamp Duty for example. There are many ways of stimulating development that do not involve penalising those in need of affordable housing opportunities and these should be explored.

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

We do not. The PiP process places an onerous burden on Local Authorities to determine the principle and scale of development with scant information and in a timeframe that hinders appropriate consideration of statutory consultee responses. Expanding the system to include larger developments whilst retaining the current timescales and supporting information requirements will lead to poor decisions.

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.

The issues with increasing the scope of PiP - i.e. larger more complex schemes being given permission in principle with only limited technical information – exist also for commercial schemes. We therefore do not support the removal of the previous limits.

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?

Larger schemes will inevitably require greater levels of consideration. Maintaining a two week period for consultation, for example, on the principles of a major housing scheme is insufficient. We maintain that PiP should not be expanded, however, a longer period for major schemes to allow for the public and statutory consultees to be made aware and to respond should be brought in if the government insists on this course of action.

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

The addition of a height threshold would help to limit the impact of developments approved through PiP and so should be included.

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.

Given the reduced timeframes allowed under PiP the requirement to publish in a newspaper can significantly eat into the allotted time, and so option ii) is the most logical. If, however, the purpose is meaningful public engagement then the current two-week window should be expanded.

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

Given the current reductions in fee earning as a result of COVID, and the likelihood of this being a prolonged downturn, any reduction in fee structures is not supported.

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

We believe the fee structure should remain as it currently is.

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.

We agree that brownfield sites granted PiP be brought through to Part 2 of the Register.

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.

Irrespective of the proposed expansion of PiP, working with PAS to deliver seminars and workshops regarding the technical delivery of PiP would be appreciated.

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

We do not believe that the expansion of PiP to larger schemes is appropriate. Whilst there is a cost benefit for applicants, it comes at the cost of reduced public consultation (when compared to traditional application routes) and requires officers to make establishing decisions on scale of development with very little information, with such matters as transport brought forward at a later stage. Such matters are critical when establishing the scale of a development and are best considered at the same time.

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

n/a

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?

n/a