

Ministry of Housing Communities and Local Government - Consultation on Changes to the Current Planning System

Response by Chichester District Council

September 2020

Question	Response
Q1	<p><b>Do you agree that planning practice guidance should be amended to specify that the appropriate baseline for the standard method is <i>whichever is the higher</i> 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.</b></p> <p>No comment</p>
Q2	<p><b>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.</b></p> <p>No comment</p>
Q3	<p><b>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.</b></p> <p>It is not clear why median house prices are appropriate. Areas like Chichester have a high proportion of detached, larger properties which will have the effect of raising the median price disproportionately compared to other local authority areas. This is further exacerbated by the presence of AONB, National Park, the coast and the high level of second home ownership.</p> <p>If the purpose of the affordability ratio is to consider the ability of households to get onto the housing ladder, then the lower quartile ratio, rather than the median ratio, would be a more appropriate starting point as these are more likely to reflect the purchase price of the first property, and the household income, of those households.</p>

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	<p>In any event, the measures fail to address the issue of the provision of affordable housing for those unable to access market housing.</p>
Q4	<p><b>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.</b></p> <p>Whilst the change in affordability seems a reasonable adjustment, under the proposed changes this would be a second, additional affordability weighting and as such places an undue prominence on affordability as the key driver of housing need.</p> <p>As stated in the Council's response to Q3, notwithstanding this change to the calculations, the adjustment still fails to address the issue of the provision of affordable housing for those unable to access market housing.</p>
Q5	<p><b>Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.</b></p> <p>Overall, it is considered that affordability is given undue weighting in the standard methodology, albeit due to the lack of recognition of mitigating factors. The Government White Paper seems to acknowledge this, as it highlights a range of other factors which it is considering taking into account in potential further revisions to the assessment of housing need. For Chichester District, this would reflect the factors which significantly increase house prices, such as the AONB, the SDNP, the coast and second home ownership.</p> <p>In addition, as the figures proposed in the methodology are published at a District Level rather than for the Local Plan area, the affordability element would be exaggerated as it includes the National Park. The guidance is not helpful in that it does not specify how the methodology should be applied where the Local Plan area is not contiguous with the Local Authority area.</p>
Q6	<p><b>Do you agree that authorities should be planning having regard to their revised standard method need figure, from the publication date of the revised guidance, with the exception of:</b></p>

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	<p><b>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?</b></p> <p>See answer to Question 7.</p>
Q7	<p><b>Authorities close to publishing their second stage consultation (Regulation 19), 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?</b></p> <p><b>If not, please explain why. Are there particular circumstances which need to be catered for?</b></p> <p>In the Planning White Paper, the Government discusses making further changes to the assessment of housing need. Paragraph 2.25 of the consultation states that the standard method should have regard to a range of factors, including</p> <p style="padding-left: 40px;">“The extent of land constraints in an area to ensure that the requirement figure takes into account the practical limitations that some areas might face, including the presence of designated areas of environmental and heritage value, the Green Belt and flood risk. For example, areas in National Parks are highly desirable and housing supply has not kept up with demand; however, the whole purpose of National Parks would be undermined by multiple large scale housing developments so a standard method should factor this in”</p> <p>The Government is clearly considering further revisions to the standard methodology. This would be of critical importance to an area such as Chichester, which is severely constrained by environment designations such as the National Park; AONB; significant flood risk; as well as wider constraints such as the capacity of waste water treatment; the impacts of nitrates in Chichester Harbour and Pagham Harbour; and the capacity of the A27.</p> <p>The Council is seeking to bring forward the Local Plan Review as quickly as possible. However, the higher figures indicated by this partial review of the standard methodology raise considerable uncertainties in that process, particularly as no indication has been given of when the proposed new arrangements may be confirmed.</p> <p>Furthermore, progress towards completion of the Local Plan Review is dependent upon receipt of technical advice and</p>

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	<p>agreement from statutory consultees, the timing of which is outside of the Council's control. Councils should not be unduly penalised due to delays from statutory consultees whose input is critical to the progress of the Local Plan.</p> <p>The proposed transition arrangements may have the unintended consequence of delaying the finalisation and submission of plans, as authorities may choose to wait and see what the outcomes are of the White Paper review, rather than revise and restart plan preparation based on the proposed figures, which themselves are subject to significant revision from Government. For this reason, certainty is required regarding the Government's timescales for the changes to take effect and the method by which they will be legislated.</p> <p>It is noted that recent comparable changes (namely, the Planning for the Right Homes in the Right Places Consultation in March 2018 and the Proposed Changes to NPPF Consultation of Dec 2015) contained proposals for transition periods of 6 months and 12 to 18 months respectively. This supports the Council's view that in any event, the proposals for introducing this change are too short and will not enable an ordered transition onto the new methodology.</p> <p>For these reasons, it is considered that the transition arrangements should be extended, and the new standard methodology figures should not apply until the Government has confirmed further changes under the Planning White Paper and when it will take effect. Failing that, authorities should be given nine months to publish Regulation 19 plans, rather than three, and a further nine months to submit their plan to the Planning Inspectorate.</p> <p>With regards to other particular circumstances, further clarity is sought on the following points-</p> <ol style="list-style-type: none"> <li>1. How will the standard methodology be applied in areas such as Chichester District, where the local plan area is not contiguous with the local authority area – which is the geography for which the data on household projections and affordability is released?</li> <li>2. When does the Government propose that the changes to the standard method would be applied to the current 5 year supply process?</li> </ol> <p>In addition, clarification is sought on whether the consequences of the Governments proposed higher housing targets have been subject to Impact Assessments, both individually and cumulatively, with reference to the considerations</p>

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	<p>listed below. If Impact Assessments have been carried out, they should have been published alongside the consultation.</p> <ol style="list-style-type: none"> <li>1. The cumulative loss of high grade agricultural land;</li> <li>2. The effect on land prices and hence whether the coastal horticultural industry will be priced out of existence;</li> <li>3. The ability of the Water Utility Companies to deliver and finance the additional infrastructure investment required and maintain and improve their existing infrastructure, noting developer contributions do not cover the costs of additional water related infrastructure they are required to provide;</li> <li>4. The willingness of the development industry to deliver;</li> <li>5. The capability of the development industry to deliver;</li> <li>6. The effect on quality of build given the dilution of experienced and skilled construction industry workers;</li> <li>7. The effects of prolonged periods of non-plan led incremental and fragmentary development arising from not having extant Local Plans, given the extensive evidence gathering and assessment process that would be required to get a Plan adopted;</li> <li>8. The overall costs of the infrastructure required to support these numbers, noting the current CIL and S106 arrangements do not cover these costs;</li> <li>9. The demographic of those who purchase dwellings in areas of high affordability ratios and whether their willingness to pay to move into these areas will maintain those high ratios; and</li> <li>10. The cumulative effect of this proposal with the reduced supply of Affordable homes, the raising of site size thresholds for Affordable housing provision (which would lead to fragmentary applications taking advantage of these new thresholds) and the limited assessment of Major Development resulting from the extension of permission in principle applications also proposed?</li> <li>11. The availability/sourcing of the additional aggregates required and consequent landscape, environmental and transport impacts, noting the regionally significant soft sand resource within the Chichester District part of the South Downs National Park, the gravel resource East and West of Chichester City and in the coastal waters off of the District.</li> </ol>
Q8	<p><b>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</b></p>

Question	Response
	<p><b>secured through developer contributions?</b></p> <p><b>Please provide reasons and / or evidence for your views (if possible):</b></p> <ul style="list-style-type: none"> <li><b>i) Prioritising the replacement of affordable home ownership tenures, and delivering rental tenures in the ratio set out in the local plan policy.</b></li> <li><b>ii) Negotiation between a local authority and developer.</b></li> <li><b>iii) Other.</b></li> </ul> <p>(iii) Planning Authorities understand local need and constraints upon development. They should be granted discretion over 100% of the composition of the 'affordable' homes allocation (subject to the usual viability tests, etc.). They should be able to choose more or less than 25% First Homes, according to local conditions. If Planning Authorities are not granted this discretion, the remaining 75% should prioritise the replacement of affordable home ownership tenures and delivering rental tenures in the ratio set out in the local plan policy. As the authority has evidence for an up to date policy, which fits with the proposed policy and is based on viability evidence, this will provide more early clarity for developers and would reduce negotiation and delays.</p>
Q9	<p><b>Should the existing exemptions from the requirement for affordable home ownership products (e.g. for build to rent) also apply to this First Homes requirement?</b></p> <p>Yes. Build to rent schemes are built by or for investors. They are usually large flatted developments and are subject to affordable rent requirements in the form of affordable private rent, a class of affordable housing specifically designed for build to rent. Affordable private rent and private market rent units within a development are designed to be managed collectively by a single build to rent landlord. Including a quota of first homes would discourage investment companies in participating in such schemes as they are interested in long term return from rents.</p>
Q10	<p><b>Are any existing exemptions not required? If not, please set out which exemptions and why.</b></p> <p>There are no other existing exemptions that apply to CDC.</p>

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Q11	<p><b>Are any other exemptions needed? If so, please provide reasons and /or evidence for your views.</b>  <b>ii) Other (please specify)</b></p> <p>The restriction on First Homes for local, first time buyers should not fall away after 3 months. If no local, first time buyers are buying First Homes then they are clearly not serving their purpose and building more is not going to contribute in any meaningful way to addressing housing need. The 3 month period should be extended to at least 6 months and/or should there be evidence that local first time buyers are unable to buy properties built with them in mind, the requirement for 25% of 'affordable' homes to be of this type should be suspended. Overall, it is considered that the criteria for First Homes must be robust and based on a system that can be enforced. First homes must be for local people who can demonstrate local connections (including local jobs), in perpetuity.</p> <p>It is also worth noting that mortgageability of the product is key and all First Homes must be designed and located where it can be ensured that a mortgage is obtainable.</p>
Q12	<p><b>Do you agree with the proposed approach to transitional arrangements set out above?</b></p> <p>Yes but the government should consider the impact this change of policy will have on registered provider development programmes and the delivery of affordable rented homes.</p>
Q13	<p><b>Do you agree with the proposed approach to different levels of discount?</b></p> <p>Yes.</p>
Q14	<p><b>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?</b></p> <p>No. Although this would encourage landowners to bring more sites forward it would also inflate the value of the land outside the settlement boundaries and bring about drawn out negotiation and viability issues. In the main, development of market and affordable housing should be focused within the settlements.</p>

Question	Response
Q15	<p><b>Do you agree with the removal of the site size threshold set out in the National Planning Policy Framework?</b></p> <p>No. It is proposed that the FHES should be proportionate in size to the existing settlement but this is too vague. It needs further definition and should be related to evidence based need.</p>
Q16	<p><b>Do you agree that the First Homes exception sites policy should not apply in designated rural areas?</b></p> <p>Yes.</p>
Q17	<p><b>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)</b></p> <p>No. “Improving the Provision of and Access to Affordable Housing” is a key objective within the Council’s Corporate Plan. Chichester District is one of the least affordable places to live in England, in terms of the relationship between earnings and housing costs. Housing affordability has continued to decline in the last five years and with it, opportunities for first time buyers to enter the property market have receded. As a result more households now rely on the private rented sector on a long term basis. For households on low incomes, including those eligible for means tested benefits, private rents have become increasingly unaffordable, which leaves newly forming households with very few options. This has resulted in increased pressure on the housing register and a significant issue with rough sleepers living on the streets. Consequently affordable housing and in particular, affordable rented housing provided by Registered Providers, plays a critical role in meeting the housing needs of the district.</p> <p>The areas of the Chichester plan area that would be affected by this proposal have some of the highest housing needs figures in the district and historically, have had a substantial number of housing sites that have come forward as small sites. As such, this is an important part of our affordable housing supply. We also have a high level of second home ownership which makes the affordability issue worse.</p> <p>The initial time-limited period is for 18 months and it is not clear as to whether the threshold could be retrospectively applied to those sites which have not been built out but already have planning permission. The proposal is to monitor and review the impact of this change and it is possible that the threshold could be changed indefinitely, which could</p>

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	<p>have a significant impact on the Council's ability to deliver affordable housing in those areas of the district with greatest need. Whether or not the 18 month period is extended, it is long enough for a huge number of planning permissions to be obtained that will take years, perhaps decades, to build out. If the trial is deemed to be unsuccessful, the damage to the local environment and the ability of the Planning Authority to plan will have been done.</p> <p>There are other ways to support small developers that these proposals do not consider. Retrofitting could provide jobs in the construction industry, economic activity, reduce fuel poverty and contribute to decarbonising the economy. Economic recovery is important, but does not need to be delivered this way, especially when there is no evidence that developers will build faster than the local market can bear. The proposals are intended to boost the economy and housing provision, but while planning permissions will indeed likely be boosted, there is no reason to think that construction will happen more rapidly and good reason to believe that less affordable housing will be built.</p> <p>In Chichester, the viability report which accompanied the Local Plan showed that small sites could viably pay the CIL and affordable housing. To date only one SME developer has come forward to this Authority to defer their CIL payments under the 2019 CIL (Amendment) Regulations to claim viability issues relating to Covid-19.</p>
Q18	<p><b>What is the appropriate level of small sites threshold? i) Up to 40 homes ii) Up to 50 homes iii) Other (please specify)</b></p> <p>iii) 10 homes – this threshold is backed up by current draft viability evidence in support of the Local Plan Review.</p> <p>Increasing the small sites threshold will also incentivise piecemeal development to the detriment of the quality of the built environment and will negatively impact the provision of 'affordable' housing – including First Homes. Any increase to thresholds should be supported by policy which enables Councils to refuse applications which involve the artificial or contrived subdivision of a site in order to circumvent the affordable housing threshold.</p>
Q19	<p><b>Do you agree with the proposed approach to the site size threshold?</b></p> <p>No, because it further disadvantages those who cannot afford home ownership and will affect areas of highest affordable housing need.</p>

Question	Response
Q20	<p><b>Do you agree with linking the time-limited period to economic recovery and raising the threshold for an initial period of 18 months?</b></p> <p>No, because the need for affordable housing units is expected to increase due to the economic down turn caused by the pandemic and the plan area will need more affordable housing, not less.</p>
Q21	<p><b>Do you agree with the proposed approach to minimising threshold effects?</b></p> <p>If the threshold is raised, there should be clear planning guidance to ensure the LPA can secure the affordable housing where it is apparent that a larger site is being subdivided into smaller sites to avoid the affordable housing contributions.</p>
Q22	<p><b>In designated rural areas, local planning authorities can set a lower threshold of five units or fewer in their plans. We are aware that rural local authorities secure greater proportions of their housing supply as affordable on average when compared to urban local authorities. In designated rural areas, we therefore propose to maintain the current threshold.</b></p> <p><b>Do you agree with the Government’s proposed approach to setting thresholds in rural areas?</b></p> <p>Yes, we agree with this proposed approach because much of the Chichester plan area is designated as rural areas under section 157 (1) of the Housing Act 1985.</p>
Q23	<p><b>Are there any other ways in which the Government can support SME builders to deliver new homes during the economic recovery period?</b>  <b><i>Please see question 35 for any comments relating to the Public Sector Equality Duty and the small sites proposals.</i></b></p> <p>Yes</p> <ol style="list-style-type: none"> <li>1. By encouraging larger registered providers to use SME builders. Current framework agreements tend to preclude local SMEs in favour of large national builders and developers.</li> </ol>

Question	Response
	<ol style="list-style-type: none"> <li>2. By providing affordable housing grants to registered providers so that they can work with SMEs to build out smaller sites and provide much needed affordable housing.</li> <li>3. By encouraging SMEs to work together as a co-operative to bulk purchase building materials which would drive down their costs.</li> </ol> <p>In addition, the Government should give consideration to the potential of the following, to assist SMEs in the longer term:</p> <ol style="list-style-type: none"> <li>1. Introduce a Land Value Tax on sites which have planning permission to incentivise the building out or selling on of planning permissions to a developer with the capacity and willingness to build. LVT receipts could be earmarked for the building of social rental housing by small developers.</li> <li>2. Strip planning permissions from sites that aren't being built out to incentivise construction or sub-contracting. Either 4 or 5 would discourage land-banking and encourage larger companies to bring in small developers to build out sites with permission.</li> <li>3. Allow/encourage Local Authorities to build social rental housing, perhaps by borrowing vs. future savings in private rent subsidies. Incentives could be tied to the employment of small developers.</li> </ol>
Q24	<p><b>Do you agree that the new Permission in Principle should remove the restriction on major development?</b></p> <p>No. The current Permission in Principle (PiP) system allows developers to establish PiP on land for up to 9 dwellings (Minor Development), by inclusion of the site on the Local Planning Authority's Brownfield Register; by direct application to the LPA; or by inclusion in a Development Plan Document or Neighbourhood Plan. Interest by developers in the current Permission in Principle has been minimal. In practice, what might make it more attractive is to remove accountability and public oversight by such an extent that we could not support it.</p> <p>It is the experience of this LPA that major developments require, and greatly benefit from, the full scrutiny provided by the standard Planning Application process. It ensures that the necessary infrastructure required by such developments</p>

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	<p>will be delivered, and will fit in with other infrastructure existing or planned in the planning area. Any change that would curtail such scrutiny will prove detrimental to the community for years to come and also in the short term to the developers, by reducing the market value of the development.</p>
Q25	<p><b>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.</b></p> <p>Yes, the purpose of the regime is to support the delivery of new housing. Whilst developments should contribute to sustainable communities and there may be a need to provide commercial floorspace to meet the needs of the community, it is important to provide high quality residential developments with a good level of amenity for future occupiers. It is considered without a clear limit set as a % of the overall floor area there is a risk that an excessive amount of commercial development would take place to the detriment of the future residents and the character of an area.</p>
Q26	<p><b>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?</b></p> <p>No, it is considered that more detailed information about the density and scale of development is necessary to determine whether, in principle, a development of the size proposed would be acceptable.</p> <p>The larger the proposed development site, the more important it becomes to have information on infrastructure, environmental impact, transport connections, etc. The relationship to other settlements is also important. Information sufficient to judge PiP applications would render the process unattractive to the LPA, compared with the current system of pre-application advice, planning application, etc.</p>
Q27	<p><b>Should there be an additional height parameter for Permission in Principle? Please provide comments in support of your views.</b></p>

Question	Response
	Yes, it is essential to understand the scale of the development to determine whether the quantum of development proposed would be acceptable in principle.
Q28	<p><b>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:</b></p> <p>Yes the publicity requirements should be extended for large developments. It is very important that local communities and interested parties are involved in the planning process and are afforded the opportunity to make representations. Publicity of applications of all types should be modernised with a move towards digital publicity on the Council's website, social media and email alerts. Given the lead time required by newspapers to publish notices, the time to determine the PiP application will need to be extended to take this into account.</p> <p><b>i) required to publish a notice in a local newspaper?</b> Yes, paid for by the developer.</p> <p><b>ii) subject to a general requirement to publicise the application or</b> Yes</p> <p><b>iii) both?</b> Yes</p> <p><b>iv) disagree</b> No</p> <p><b>If you disagree, please state your reasons.</b> N/A</p>
Q29	<b>Do you agree with our proposal for a banded fee structure based on a flat fee per hectare, with a maximum fee cap?</b>

Question	Response
	Yes, in principle. However, consideration should also be given to allow fees to be set locally, so that appropriate assessment of site-specific issues can be properly resourced.
Q30	<p><b>What level of flat fee do you consider appropriate, and why?</b></p> <p>The cost saving to developers in utilising PiP rather than an outline application is in avoiding the commissioning of abortive technical studies that can be required at the later technical consents stage. However, to ensure certainty in any PiP, the considerable amount of work must be undertaken by the Local Planning Authority to ensure that there is likely to be a way of mitigating the impact on important local matters of concern or conservation. In the absence of reports produced by the applicant this may place a significant burden on the resources of the Local Planning Authority and make it difficult for officers to arrive at sensible, reasoned conclusions. The fee should therefore be equal to or higher than the equivalent fee for an outline planning application. The developer would still have an incentive in utilising the PiP process as the greater cost saving is in not having to commission costly technical reports at this stage.</p>
Q31	<p><b>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.</b></p> <p>Yes.</p>
Q32	<p><b>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.</b></p> <p>The guidance must be explicit in the matters that can be considered under PiP and the level of non-residential floorspace that can be permitted.</p> <p>PiP is the ideal opportunity to incentivise environmentally friendly construction. For example, PiP could be granted to applicants who commit to providing a minimum 50% of housing built to Passivhouse standard, on site. Such a requirement would be simple for the developer to determine their level of interest, with the Local Authority knowing that this will result in denser development but of higher quality.</p>

Question	Response
Q33	<p><b>What costs and benefits do you envisage the proposed scheme would cause? Where you have identified drawbacks, how might these be overcome?</b></p> <p>There is concern that the fees would not adequately cover the costs of processing the applications, the lack of time available to consider the relevant matters would lead to poor developments in the wrong locations, insufficient information may be available at the PiP stage leading to complications at the TDC stage, and interested parties may feel disconnected from the planning process due to the light touch approach to PiP.</p>
Q34	<p><b>To what extent do you consider landowners and developers are likely to use the proposed measure? Please provide evidence where possible.</b></p> <p>It is not possible to quantify at present. The take-up of PiP for minor development has been low. The PiP regime may provide a degree of certainty that a site is suitable for development, however there will be a significant number of issues to resolve at the Technical Detail Consent stage, and it may be that some issues such as access arrangements, and drainage systems cannot be adequately resolved, leading to refusal at the second stage of the process. In addition, by carrying out pre-application discussions with the local planning authority, developers are able to get an indication as to the acceptability of a proposal in principle, and this can lead to a successful full application which would be less time consuming than the PiP 2 stage process. For these reasons, and those set out elsewhere in this response, the Council objects to the extension of the PiP consent regime to major applications.</p>