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EXECUTIVE - TUESDAY, 6TH OCTOBER, 2020

I am now able to enclose for consideration at next Tuesday, 6th October, 2020 meeting of the Executive, the item below.

Agenda No Item

9. **Response to the Government consultation on 'Changes to the current planning system' (Pages 3 - 16)**

Yours sincerely



Phil Shears
Head of Paid Service

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MHCLG Consultation: Changes to the Current Planning System

Consultation response from Teignbridge District Council – 30 September 2020

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<p>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?</p>	<p>No.</p> <p>It would be more robust to just use existing housing stock counts to inform the housing method baseline. This would not prevent housing affordability factors from being taken into account but would ensure a consistent approach across all areas of the country, regardless of recent patterns of housing delivery.</p> <p>This is because reliance on housing projections for calculating housing targets will result in disproportionate increases for areas where recent housing delivery has been strongest. This is particularly the case in parts of the South West where much (not all) of the housing demand is characterised by lifestyle choices and inward migration rather than economic and social need. You can see this in the resulting figures for Devon, whereby districts with high delivery rates over the last 3 years have seen increases in their housing numbers (e.g. Teignbridge, South Hams, North Devon, Plymouth) whereas districts with low delivery rates have seen decreases in their housing numbers (e.g. Torridge, West Devon).</p> <p>The ONS 2018 population projections feed into the proposed method. They are informed by two-year internal migration data that relies solely on the years 2017 and 2018. The methodology that supports the 2018 population projections notes that, <i>'There is a chance that using only two years of data will create unusual averages for local authorities experiencing abnormal migration patterns over this short period'</i>. We strongly disagree with using such short term migration data which skews the extrapolation of trends going forward.</p> <p>Teignbridge has seen a step change in housing delivery over the past 10 years. Annual completions have doubled and the Council has proactively helped to foster this change. New property sales, as a</p>
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	<p>proportion of the area’s total housing stock, were 33% higher than those of the South West region in 2017. For 2018, it was 26% more.</p> <p>Under the new proposed housing need methodology, our area would see one of the greatest housing target increases across the country. Whilst the national method that was introduced in 2018 currently requires 760 dwellings per annum (23% more than our 2014 Local Plan target), the latest approach would see that figure double again to 1,532 units.</p> <p>We should not be planning for a twofold increase in our housing target on the strength of very short term internal migration data. Areas like Teignbridge that have already embraced the need to build more homes should not be penalised for their swift and proactive approach to delivery. We recognise the challenges of housing affordability and the need to build more homes but would strongly advocate a method that is derived from stable long term data.</p>
<p>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.</p>	<p>Not sure.</p> <p>If we were able to use the existing stock baseline for our area, rather than the household projections, then 0.5% of existing stock would be appropriate.</p> <p>However, we recognise that the Government is targeting 300,000 dwellings per year nationally and therefore as per our preference in response to Q1, if existing stock were to be used as the baseline for all calculations, then the % may need to be adjusted in order to achieve the government's overall target.</p> <p>Applying a flat % rate nationally as the baseline for housing numbers would not only ensure that individual places have growth more proportional to their area, but would also help to achieve a levelling up of housing growth across the country, which currently does not result from the revised formula.</p>
<p>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.</p>	<p>No.</p> <p>If the baseline is amended to a reasonable % of the housing stock then it would seem reasonable to adjust the housing target on the basis of meeting an unmet affordable housing need in the area. However, applying the affordability uplift to the household projections baseline results in an</p>

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	<p>unacceptable and undeliverable housing requirement, significantly impacting on our communities, infrastructure and environment.</p> <p>In any case, we have several concerns about using the affordability ratio which is based on a comparison between average household earnings and median house prices.</p> <ol style="list-style-type: none">1. Firstly, we do not agree with the component parts of the dataset. The use of workplace earnings rather than household earnings obscures the actual affordability of properties as many residents who live within the district do not work in the district and access higher earnings elsewhere.2. In addition, the use of median house prices does two things:<ul style="list-style-type: none">○ It compares wages to higher value properties than people entering the market would typically aspire to. Given our district is largely rural (and includes 40% within the Dartmoor National Park) with very high value housing market areas, the median house price is significantly higher than lower quartile house prices (currently £245k compared to LQ prices of £185k). The latter is still unachievable for many local households but nevertheless more accurately reflects the property banding that first time buyers would typically look to purchase.○ The formula enables the development industry to 'work the system' by supplying larger houses to the market which inflate median house prices and in turn create higher affordability adjustments and higher housing numbers. This means that we continue to get houses built which does nothing but compound the affordability issue.3. Secondly, any upwards adjustment in housing numbers as a result of affordability is not going to change the districts economic base or potential; we remain a peripheral district which loses out to the city of Exeter and its immediate surroundings and have seen unemployment rise as a result of major employers making efficiencies or closing altogether. Without accompanying jobs, the high housing numbers would inevitably see an increase in out-commuting to the cities of Exeter and Plymouth, running contrary to the need to be reduce travel and transport-based carbon emissions. Simply providing more houses is not going to bridge the gap between
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	<p>low wages and high house prices. It is local economics which underpin our affordability issue, not a lack of availability.</p> <p>Collectively, if these changes were made, they would ensure that the affordability ratio is based on a more accurate reflection of local affordability by comparing average household earnings to lower quartile house prices.</p>
<p>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.</p>	<p>No. We have consistently delivered on our Local Plan housing target for the last 5 years and affordability has continued to get worse, disproving the notion that the more housing you have, the more affordability will improve. If the affordability uplift was coupled with investment for affordable housing, or a state-backed not for profit, housebuilding scheme, then this may go some way to address the issue.</p>
<p>Q5: Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.</p>	<p>No. Affordability is given too much weighting given the limited impact that an upward adjustment actually makes to affordability.</p>
<p>9 Do you agree that authorities should be planning having regard to their revised standard method need figure, from the publication date of the revised guidance, with the exception of: Q6: Authorities which are already at the second stage of the strategic plan consultation process (Regulation 19), which should be given 6 months to submit their plan to the Planning Inspectorate for examination? 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?</p>	<p>Not sure. This seems a reasonable period of time for plans to progress to Regulation 19/submission, although it is difficult to suggest this can be achieved without knowing the date of which the revised guidance comes into effect.</p> <p>However, the implications for those not able to achieve this is significant: for Teignbridge, the revised standard method results in a 101% increase on our current standard method calculation and a 147% increase on our adopted housing number. Clearly, our adopted plan does not make provision for anywhere near the number now required by the proposed revision and would leave us unacceptably vulnerable to unplanned developments, not only risking development taking place in unsustainable locations, but also poor quality developments with little planned infrastructure to benefit both the new and existing communities. We would fail our HDT within a very short time, resulting in the presumption in favour of sustainable development coming into effect. The imposition of this unplanned increase will result in significant harm to our Garden Communities project and our ability to deliver quality development.</p>

<p>If not, please explain why. Are there particular circumstances which need to be catered for?</p>	<p>Our detailed site capacity assessments show that we would be unable to even meet this annual target without having to develop sites which have been identified as having moderate to significant constraints. This includes potentially unresolvable infrastructure issues (e.g. primary school capacity in many of our smaller settlements unless significant school building funds are made available) and extensive land constraints (including minerals, internationally protected ecological sites and networks, flood risk, topography and the Dartmoor National Park). See Figures 1 and 2 at end of response.</p> <p>On this basis, we object strongly to the imposition of the new standard method calculation without, at the very least, the ability to apply the White Paper's recommendations for land constraints to be taken into account.</p>
<p>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):</p> <p>i) Prioritising the replacement of affordable home ownership tenures, and delivering rental tenures in the ratio set out in the local plan policy.</p> <p>ii) Negotiation between a local authority and developer.</p> <p>iii) Other (please specify)</p>	<p>Preferred option (iii) Other.</p> <p>At present Councils plan for affordable housing tenures based on the locally assessed needs. Stating a priori that 25% should be top-sliced for First Homes is not appropriate for all markets. Negotiation enables market-specific response to housing need. Some markets, particularly rural markets, cannot support a large number of affordable home ownership products and the final agreements need to reflect local demand.</p> <p>Having considered the information set out in the First Homes Consultation Response Design and Delivery report, we feel strongly that a First Homes requirement should not be introduced into the NPPF / NPPG until successful pilot projects have established some best practice in relation to the detail of the s106 agreements. To simply introduce the requirement without detailed best practice will be pushing uncertainty and effort onto all LPAs which will likely introduce delays.</p> <p>In addition, the blanket introduction of 25% First Homes ignores the individual local circumstances in relation to types of affordable housing need. Currently, there are around 1000 people on our Devon Home Choice Register looking for social or affordable rented housing in Teignbridge. 96% of these households cannot afford home ownership. The non-negotiable requirement of 25% First Homes would therefore do little to address the real affordable housing need in Teignbridge.</p>

	<p>We would recommend Councils be asked to make an estimate of the market for First Homes (based on e.g. affordability and life stage of sub-market areas) and introduce this as the policy requirement.</p> <p>Should the government set a fixed target for First Homes, the final tenure splits should be based on local plan policies and negotiation between LPAs and applicants.</p> <p>NB: If they are introduced the scheme will require “administering and policing” by the Council to ensure applicants eligibility both financially and from a local connection perspective. Likewise to reality check valuations are not over inflated before applying the discount.</p> <p>This will place a burden on the Council Planners / Enablers and possibly valuers at point of sale and subsequent resale. This will require either new burdens funding of a S106 levy to cover.</p>
<p>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?</p>	<p>No. As an Affordable Home Ownership tenure, First Homes would not be expected on build to rent developments or specialist accommodation.</p>
<p>Q10: Are any existing exemptions not required? If not, please set out which exemptions and why.</p>	<p>n/a</p>
<p>Q11: Are any other exemptions needed? If so, please provide reasons and /or evidence for your views.</p>	<p>Yes.</p> <p>There should be limits to ensure that no schemes deliver only First Homes tenure. Where smaller schemes are proposed there should be provision for commuted sums to deliver required affordable tenures offsite.</p> <p>We would also recommend where planning applications, including those with submitted Heads of Terms, have been submitted prior to introduction of new First Homes requirements these should be determined on the basis of Local Plan policies for Affordable Housing without introduction of First Homes requirements which will result in delays and possibly invalidate viability work which has been carried out.</p> <p>We would also recommend being clear that any First Homes should meet or exceed minimum Nationally Described Space Standards to ensure “affordable by design” does not result in sub-</p>

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	standard or micro housing being put forward as First Home Affordable Housing, unless where the housing product has been specifically designed as a “tiny home” or similar product.
Q12: Do you agree with the proposed approach to transitional arrangements set out above?	No. The timescales for review of Local Plan policies to reflect first homes are lengthy and six months is not sufficient time to introduce updated local plan policies to accommodate introduction of First Homes. Housing Market Assessment and viability work will need to be updated to reflect new tenure requirements so a much longer transition period is warranted.
Q13: Do you agree with the proposed approach to different levels of discount?	No. Introducing variable discounts for First Homes will create uncertainty and complicate viability assessment. Also there would be such a significant time lag in introducing changed discounts based on evidenced local plan policies that the tenure may become unrecognisable as a “product”. Some Developers will seek to lower discounts as a means to “enhance viability”.
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?	No. Unless a site size threshold is introduced, we are concerned that allowing a small proportion of market housing on First Homes Exception Sites would result in substantial unplanned development in sensitive areas (without supporting infrastructure) taking place. This is because a First Homes Exception Site would be much more attractive to landowners/developers on fringe areas whose land has otherwise remained outside of the adopted plan. Typically, these areas are not allocated because of specific land, infrastructure, environmental or landscape constraints.
Q15: Do you agree with the removal of the site size threshold set out in the National Planning Policy Framework?	No. NPPF footnote 33 “Entry-level exception sites should not be larger than one hectare in size or exceed 5% of the size of the existing settlement” is appropriate. An open-ended site size for exception sites could see inappropriately large schemes come forward in rural/urban fringe based on a tenure for which there is no local demand and/or insufficient qualifying purchasers living locally. The previous Entry-Level Exception Sites restrictions have helped to limit this sort of unplanned development and allowed proposals which come forward to be better integrated into the urban fabric and existing infrastructure.

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<p>Q16: Do you agree that the First Homes exception sites policy should not apply in designated rural areas?</p>	<p>Yes.</p> <p>If permitted in rural areas, there would be no incentive for Rural Exception Sites to come forward which are much more effective in ensuring that the development is of a size and tenure mix specific to the needs of the immediate area. A First Homes Exception Site allowing both discount market housing and market housing would raise land value expectations and would render the attractiveness of delivering a Rural Exception Site obsolete for a landowner/developer. In an area like Teignbridge which has a much higher need for rented rather than intermediate affordable tenures, this would be particularly damaging to our communities.</p> <p>There is some confusion as to whether this refers to areas designated under S157 of the 1985 Housing Act. As rural areas have particularly acute and specific affordable housing needs, we would recommend for avoidance of doubt that First Homes not be required in designated Rural areas <u>or</u> those parishes with population lower than 3,000.</p>
<p>Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period? Please provide reasons and / or evidence for your views (if possible):</p>	<p>No.</p> <p>We do not see raising the affordable housing threshold as the best method of supporting SMEs. We would prefer to see commitments to supporting community-led housing (generally commissioned from SME local builders and architects) or Custom and Self Build housing.</p> <p>Given the lead in times for development introducing this for a limited period of time is unlikely to have significant impacts.</p> <p>Rural areas (s157 designation <u>or</u> parishes with population < 3000) should be exempt from the reduced size threshold. This is because a development of more than 30 or 40 homes in these areas would be unusual, so most of the delivery of Affordable homes is on these small majors. In essence this would remove the primary means of delivery of affordable housing for rural areas.</p>
<p>Q18: What is the appropriate level of small sites threshold? i) Up to 40 homes ii) Up to 50 homes iii) Other (please specify)</p>	<p>iii) Other (10)</p> <p>We do not agree that requirement for Affordable housing makes smaller development unviable. Affordable Housing providers purchase the Affordable units at fees above construction costs and as such the SMEs make contractors profit and also have reduced risk on these developments.</p>

<p>Please provide reasons and / or evidence for your views (if possible)</p>	<p>As noted above these small majors are key for more rural areas and delivery of affordable housing should be at the forefront</p>
<p>Q19: Do you agree with the proposed approach to the site size threshold? Please provide reasons and / or evidence for your views (if possible)</p>	<p>No. Scaling up the minimum size threshold from 0.5ha to some unspecified number (presumably 2 ha or more based on proportions) is not appropriate and we disagree. We regularly see developments specifically designed to deliver 9 dwellings (for AH avoidance) <i>when the site can accommodate more dwellings</i>. This runs counter to the government’s desire to support gentle density and intensification (as opposed to low density sprawl) and to open this avoidance approach to even larger sites has negative implications for sustainable development.</p>
<p>Q20: Do you agree with linking the time-limited period to economic recovery and raising the threshold for an initial period of 18 months? Please provide reasons and / or evidence for your views (if possible)</p>	<p>Not sure. If introduced there should be specific restrictions on schemes with an extant permission when the new threshold is introduced. This will ensure new/variation applications are not introduced in order to undercut an existing agreement. The end date for any temporary measure should be absolute and only relate to those applications where a decision has been issued prior to the end of the scheme. Given the lead in times for development, one does question how many schemes an 18-month revised threshold will help.</p>
<p>Q21: Do you agree with the proposed approach to minimising threshold effects? Please provide reasons and / or evidence for your views (if possible)</p>	<p>No. The detailed proposals for mitigating threshold effects are not set out and we would wish to review these prior to commenting. This would have to encompass issues of wider land ownership (including options which are opaque in any event) and groups of companies/subsidiary companies and new limited companies formed by directors of larger housebuilders.</p>
<p>Q22: Do you agree with the Government’s proposed approach to setting thresholds in rural areas?</p>	<p>Yes. We agree in maintaining the current threshold in rural areas. But the consultation question makes reference to “rural local authorities” (as opposed to urban authorities). This must be clarified that which is not appropriate. It must be clear that this refers to rural areas designated under s157 designation or parishes with population < 3000)</p>

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<p>Q23: Are there any other ways in which the Government can support SME builders to deliver new homes during the economic recovery period?</p>	<p>Yes. A commitment to supporting community-led housing (generally commissioned from SME local builders and architects) or Custom and Self Build housing would be a more lasting and beneficial way of supporting SMEs. A temporary “presumption in favour” of individually commissioned infill or settlement-related single (or a few) homes development would support growing the sector without jeopardising infrastructure plans or spatial strategies. This could include introducing a percentage requirement on all sites for SME’s. Plots could cascade to volume builders if there hasn’t been success within a defined time period after best endeavours.</p>
<p>Q24: Do you agree that the new Permission in Principle should remove the restriction on major development?</p>	<p>Not sure. We support the use of PiP to help bring forward sites more quickly which are in conformity with the Local Plan, including both allocations and small site developments either within settlement limits or as rural exception sites. However, we are concerned that allowing Permission in Principle for large non-allocated sites would both erode local democracy in the planning process and limit our opportunities to secure coordinated site delivery. If PiP is introduced for major non-allocated development then we would wish to see sufficient safeguards in place that ensure the necessary infrastructure and environmental protection can be secured at the Technical Details Consent Stage. It should also be clear that Permission in Principle is not appropriate for EIA or Habitats Regulations development (unless there is provision for these environmental assessments to be undertaken alongside PiP).</p>
<p>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.</p>	<p>Not sure. We question whether there is a need to restrict PiP to developments which have a residential component as it could usefully be expanded to cover other small-scale proposed land uses which are in conformity with local policy. PiP should not be granted for a commercial use that would not be supported at the Technical Details Consent Stage.</p>

<p>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?</p>	<p>Yes. Provided that it remains explicitly clear that PiP is not planning permission, the information requirements should remain streamlined. It may be necessary, as with prior approvals, to ascertain information relating to issues such as contamination, flood risk, traffic or highways safety in order to be able to confirm the in principle suitability of a site and this flex should be considered.</p>
<p>Q27: Should there be an additional height parameter for Permission in Principle? Please provide comments in support of your views.</p>	<p>This is not a particular issue in Teignbridge. Notes applied to a PIP may be able to explain what would be expected at the Technical Details Consent Stage to help address any potential issues (e.g. site suitable for residential but single storey/no more than 2 storey only etc).</p>
<p>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.</p>	<p>ii. Site notices and social media should be sufficient to publicise the PiP. Newspaper adverts are not compatible with a 5 week determination period.</p>
<p>Q29: Do you agree with our proposal for a banded fee structure based on a flat fee per hectare, with a maximum fee cap?</p>	<p>Yes. The fee needs to be stepped to recognise that there are flat rate costs involved with processing any application that do not taper off.</p>
<p>Q30: What level of flat fee do you consider appropriate, and why?</p>	<p>Two-thirds of the current outline planning fee (currently £462) for band 1 fees would seem appropriate.</p>
<p>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.</p>	<p>Yes.</p>

<p>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.</p>	<p>Additional guidance is required on the interrelationship with Habitat Regulations in particular, for both Local Authorities and applicants.</p> <p>It should be confirmed that notes on a PiP can state outline S106 and/or conditions for Technical Details Consent Stage to give clarity to applicants.</p> <p>It also needs to be clear that it must be possible at Technical Details Consent Stage to apply additional conditions / obligations as more will be revealed about site / development proposal.</p>
<p>Q33: What costs and benefits do you envisage the proposed scheme would cause? Where you have identified drawbacks, how might these be overcome?</p>	<p>The process is generally unnecessary and causes confusion to our communities. It does not seem to be popular with developers.</p>
<p>Q34: To what extent do you consider landowners and developers are likely to use the proposed measure? Please provide evidence where possible.</p>	<p>We have experienced limited take up locally to date. However, significant areas of the district are covered by Habitats Regulations constraints and therefore there is limited scope to use them. For context, we have received only 3 applications: 2 of these were refused due to habitats reasons and 1 has been permitted but not pursued to date.</p>

Housing Targets and Projected Delivery

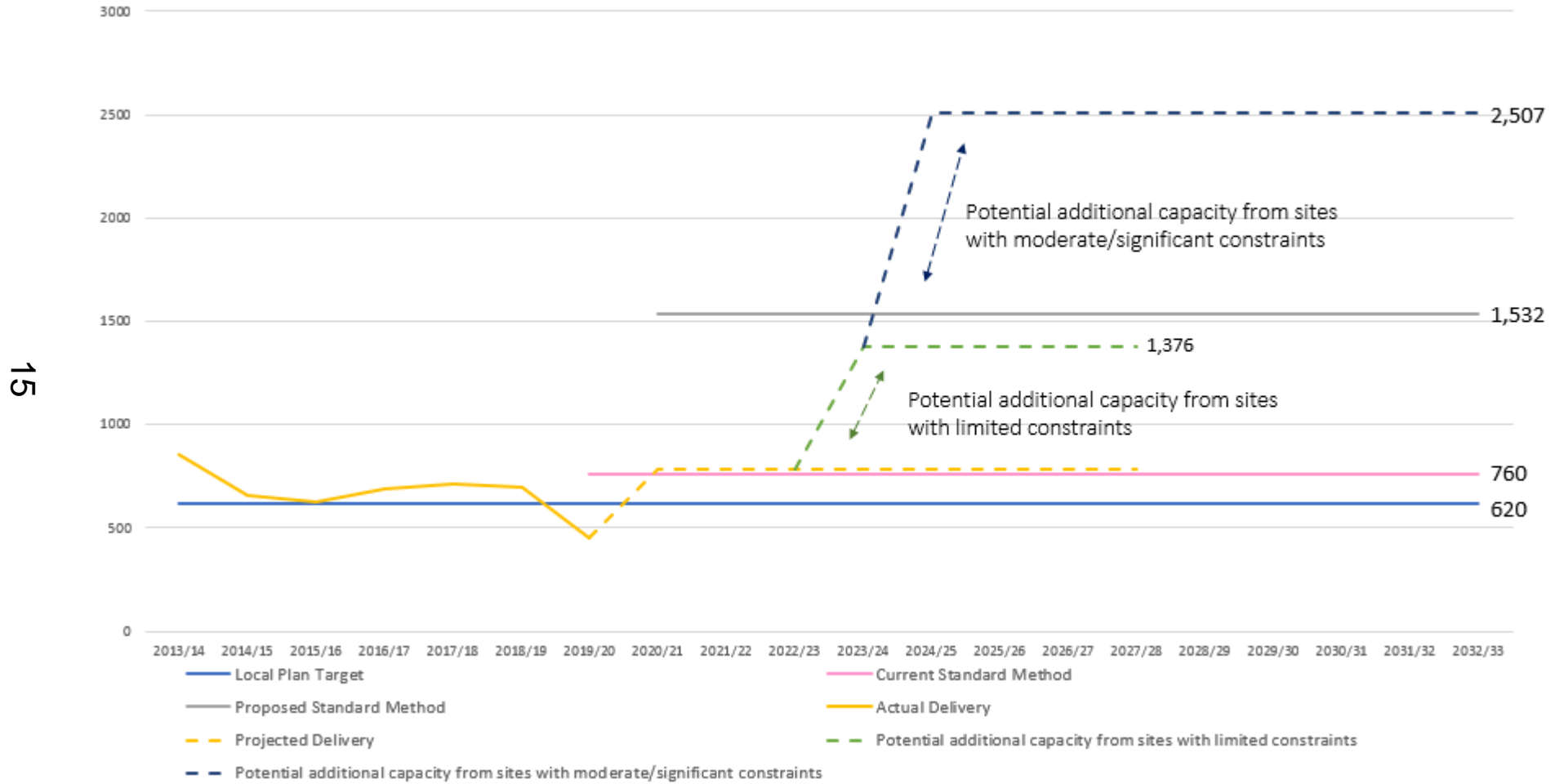
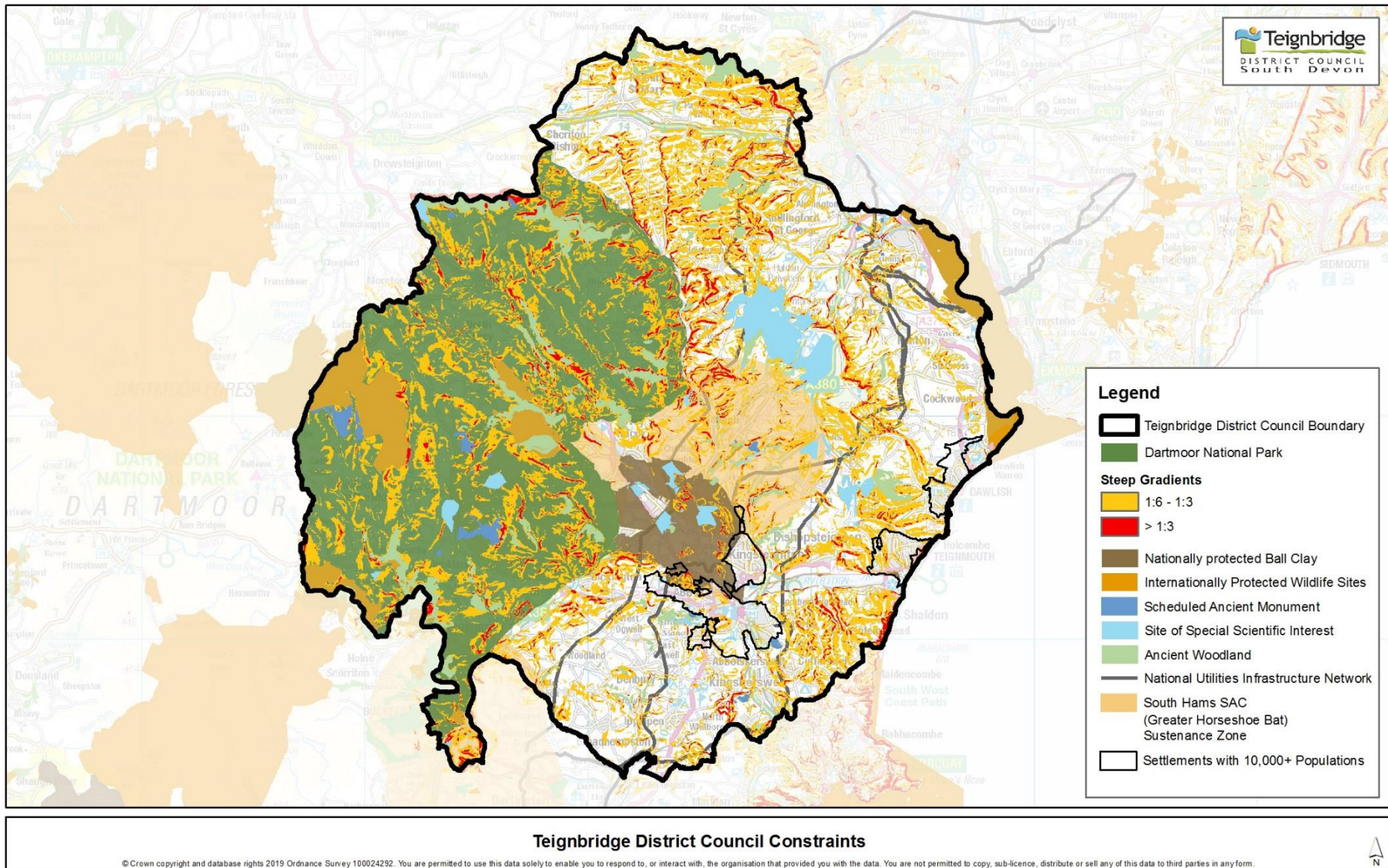


Figure 1: Housing Targets and Projected Delivery

Figure 2: Teignbridge Constraints



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