

Herefordshire Council response

Changes to the Planning System Paper consultation.

Current stand method for assessing local housing need

Question 1:

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?

Response:

The council is not adverse to the latest household projections being used but does have wider concerns about the standard methodology approach. The outcome of the proposed methodology is to significantly increase the housing requirement from 846 dwellings per annum (dpa) to 1166 dpa. This is an unrealistic requirement for Herefordshire as it faces significant challenges in meeting lower housing figures as demonstrated below:

Between 1991 and 2000 we had an average of 989 dwellings per annum completed
Between 2001 and 2010 we had an average of 658 dwellings per annum completed
Between 2011 and 2020 we had an average of 475 dwellings per annum completed (note 2019-20 was the highest since 1999-2000 with 904 net completions)

This equates to an average of 724 dpa over the last 27 years.

For Herefordshire, the standard method requirement (1166 dwellings pa for 2020) shows an increased housing target of almost 60% against past delivery rates (475). The higher need generated by the proposed method is 41% above the annualised Core Strategy requirement of 825 dpa. However, it is noted that if the residual requirement of 1,070 dpa from 2020 onwards is considered, taking account of delivery against the Core Strategy requirement from 2011-20, the need generated by the new method is 9% higher. Additionally, the standard method proposals takes account of past under-delivery through the affordability adjustment.

However, the Council has not achieved a 5 year Housing Land Supply since the adoption of the Core Strategy in 2015. In a situation where there has been a deficit with the 5 year housing land supply for an extended period of time, raising the target even more is questionable as a mechanism to increase housing delivery. Due to the lack of a 5 year supply, the local authority operates on the basis of the *presumption in favour* therefore opportunities are there for developments to come forward. Herefordshire is a rural peripheral county in the west midlands area of England with an economy focused towards lower value/paid economic activities, and high house prices. ONS Regional Gross Value Added (GVA) Estimates, state that the county

generated 15% below the West Midlands average and 29% below the national average.¹ This all contributes to affordability issues in a high house price market.

The affordability adjustment will take time to have any meaningful impact in longer term annual targets. In a county like this there are more complex issues to housing delivery which cannot be addressed by raising housing numbers, it is over simplistic.

We are very concerned that the Government continues to place significant weight of the performance of Local Planning Authorities (LPA) in relation to under delivery of housing. Herefordshire Council has produced two housing delivery test Action Plans where it identifies areas that the Council can influence in order to improve building rates. However the Government should recognise that there are other reasons outside the remit of local councils that impact delivery touched on above. We are very concerned that the Government will be placing unfair burdens on some local councils to achieve unrealistic rates who will then be faced with penalties when these targets are not met.

Question 2:

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

Response:

0.5% of Herefordshire housing stock (85,995) is 430 and it is lower than the household average annual projection of 781. After applying the formula to this figure the result is 641 dwellings per annum and it is also the lower of the two figures. A lower target would be more achievable particularly when recent targets have not been met. This is based on a formula that also takes into account past under delivery.

We question the justification for 0.5% and how this figure was identified. We do not believe that it is appropriate to impose a standard formula across the country without looking at local circumstances of individual Local Authorities (LA) that can vary greatly.

Question 3:

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.

Response:

As stated above the methodology needs to be flexible to allow Local Authorities to respond and address local issues. In Herefordshire, we consider that the focus should be on increasing wages as there are key issues in the county of wages that are lower than the national average. Although it is accepted that house prices are lower than in some other neighbouring areas, wages are also much lower which means that there is still an issue of affordability for a significant proportion of the County's population. The lower house prices and the environmental quality of the county make it an attractive destination for those seeking to move here from more expensive areas of the country. This then further squeezes out low income local households. It is anticipated that this trend of in-migration may increase following lock down earlier in the year.

Affordability would be better considered by looking at the lower quartile house prices and earnings to provide a proper understanding of the affordability issues faced.

¹ ONS Regional GVA Estimates, 2018

Question 4:

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.

Response:

No, for the reasons given above in addition to the responses to question 17-20 which demonstrate that the proposals in the consultation document will have a negative impact on the affordable housing provision. It seems contradictory for the Government to look at issues of affordability and then to propose the changes to the threshold requirements for affordable housing. Furthermore affordability does not respond proportionally to housebuilding.

Question 5:

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

Response

No see above. We do not believe that increased housing rates result in lower house price. Major building companies build to meet the demand for sales rather than flood the market with completed dwellings that then might lower prices.

Transition

Question 6

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 plans to the Planning Inspectorate for examination?

Response:

n/a to Herefordshire as the Core Strategy is adopted

Question 7:

Authorities close to publishing their second stage consultation (Regulation 19) which should be given 3 months from the publication of the revised guidance to publish their Regulation 19 plan, and a further 6 months to submit their plan to the Planning Inspectorate?

Response:

n/a to Herefordshire as the Core Strategy is adopted

Delivering First Homes

Question 8:

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)**

Response:

Herefordshire Council consider that it should be a combination of both points i and ii.

Herefordshire Council has recently commissioned an update to the Housing Market Needs Assessment for the county. This is in draft form but does identify that the greatest affordable housing need in the county remains rental tenures.

If the Government implements the proposal that the first 25% of the affordable housing policy requirement to be First Homes then we would look at rental to be the next tier of affordable housing to be delivered. We would however, continue to review what tenures have been delivered in an area of a planning application to check there is a balance of affordable housing types to continue to create balanced and inclusive communities. If an area has seen a significant delivery of a particular affordable housing tenure then the authority may look at intermediate tenures as an alternative product.

We would also continue to be flexible to discuss affordable housing requirements in circumstances where viability is an issue.

If the threshold for affordable housing increases to 40 or 50 dwellings as proposed in this paper, then the priority for Herefordshire Council after the 25% First Homes would definitely be for an affordable rented product as this is the counties greatest need.

Question 9:

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?

Question 10:

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

Question 11:

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

Response:

Yes, we would require the existing exemptions to apply to First Homes requirements. The reason for this is that in Herefordshire where we are having many applications for 100% affordable housing schemes from Registered Provider's (RPs) and Registered Providers will not deliver First Homes.

Local Plans and transitional arrangements

Question 12:

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

Response:

Yes. This will enable planning applications whereby negotiations on affordable housing tenure are at an advanced stage to proceed.

On current planning applications which include the provision of affordable housing, Herefordshire Council would ask developers whether they would consider revising the tenure to include 25% of the overall policy requirement as First Homes. However, we recognise that where negotiations are at an advanced stage that developers may be reluctant to change, particularly where they have a Registered Provider already on board to deliver the affordable housing.

Level of discount

Question 13:

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

Response:

Yes. The discounts in Herefordshire need to be affordable and in line with wage levels. This will ensure that local people are able to access home ownership products and are not disadvantaged because of their low incomes. Herefordshire Council already delivers an affordable local low cost market product which delivers a discount off open market values. The discount can range from 30 – 45%. The proposal for discounted First Homes aligns with our current practice although the council's product is not restrictive to First Home Owners or service personnel.

Exception sites and rural exception sites

Question 14:

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?

Response:

Yes. Due to high house prices and low wages in Herefordshire allowing a small proportion of market housing on a First Homes exception site's will ensure that the site remains viable and therefore allow local people who are unable to access the housing market the opportunity to purchase a First Home.

Question 15:

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

Response:

Herefordshire Council has not delivered any entry level exception sites being a largely rural county. We deliver rural exception sites and welcome the fact that these are to remain with further guidance to be published in due course.

The proposal to retain the requirement that First Homes exception sites should be proportionate in size to the existing settlement is consistent with Herefordshire Local Plan Core Strategy. Growth in our rural areas has to be proportionate to the size of the settlement so we would have a starting point to take forward proposals for First Homes exception sites.

Question 16:

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

Response:

Herefordshire Council would like to request that the 'designated rural areas' status is revisited. This is a historic designation which does not apply to Herefordshire. As a consequence the proposed introduction of a threshold of 40-50 before affordable housing is required would greatly affect Herefordshire. Please could we suggest that you either redefine the definition of designated rural areas to include parishes with a population of 3,000 and under or allow rural areas that are affected such as Herefordshire to be designated by order of the Secretary of State as a rural area.

Supporting small and medium sized developers

Question 17:

Do you agree with the proposed approach to raise the small sites threshold for a time-limited period?

Response:

No. This proposal to raise the threshold numbers will have a huge impact on Herefordshire. It will drastically reduce the number of affordable homes delivered in the area. Herefordshire is not a rural designated area and increasing the threshold numbers will mean that we will lose affordable housing in an area where we have only currently delivered 23% of our required 35% target. In addition to this, by removing the affordable housing requirements, it will lead to higher land values and will limit the ability of Small and Medium Enterprise builders and Housing Associations to compete in purchasing these smaller sites.

To evidence the future impact, below is a table listing the number sites that have a permission or are currently being negotiated that will be affected over the 18 month period.

Number of Sites	Number of Market Units	Number of Affordable Lost
39	984	161

At April 1st 2020, there were 6 sites with planning permission for between 40 and 50 dwellings and 20 sites of 50 or more dwellings

- There are 863 sites of below 40 dwellings
- Of these 640 were for 10 or below
- 572 sites were for 5 dwellings or below.

As demonstrated, the majority of applications within the county are on smaller sites and these would fall under the proposed threshold.

Question 18:

What is the appropriate level of small sites threshold?

- i) Up to 40 homes**
- ii) Up to 50 homes**
- iii) Other (please specify)**

Response:

Other. Herefordshire would requested that the threshold is retained at 10 and would even like to be able to negotiate lowering our threshold. If we were given rural designation status then we could deliver affordable housing on sites of 5 dwellings or more.

In Herefordshire, we do not have viability issues. Housing Associations are providing a guaranteed income to SME builders and in some areas have even purchased smaller sites. The table below outlines how many sites over the current threshold of 10 that we have in the pipeline that are under negotiation, have a current planning permission or are on site.

Number of Sites	Number of Market Units	Number of Affordable
103	6045	2918

Question 19:

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

Response:

No because we do not agree to the uplift. In Herefordshire, we do not have viability issues. Housing Associations are providing a guaranteed income to SME builders and in some areas have even purchased small sites. The table below outlines how many sites over the current size threshold that we have in the pipeline that are under negotiation, have a current planning permission or are on site.

Number of Sites	Number of Market Units	Number of Affordable Lost
103	6045	2918

Question 20:

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

Response:

No. We believe this could put pressure on other services and will have an impact on those households who are in need of affordable housing. Families that are affected by the economic recovery will be disadvantaged because they will not be able to get access to suitable affordable accommodation. This in return could have an impact on government/local authorities with an increase in housing benefit/universal tax credit and temporary accommodation. In addition to this, it will also affect those who wish to get onto the property ladder but cannot afford to purchase on the open market.

Question 21:

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

Response:

Yes. There needs to be a policy whereby developers cannot circumvent the delivery of affordable housing. As an example, the Herefordshire Council Planning Obligations Supplementary Planning Document states that, where the council reasonably considers that development of a site has been phased, or a site sub-divided or parcelled in order to avoid the application of the affordable housing policy, whether in terms of numbers of units or site size, the whole site will be assessed.

Affordable Housing

Question 22:

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

Response:

Whilst Herefordshire is not a 'designated rural area' in legislative terms it is a predominantly rural area. In order to continue to deliver affordable housing we ask that the current threshold (11+) dwellings remain. In addition to this, could we suggest that you either redefine the definition of designated rural areas to include parishes with a population of 3,000 and under or allow rural areas that are affected such as Herefordshire be designated by order of the Secretary of State as a rural area.

Supporting SMEs

Question 23:

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

Response:

The support of SME builders which is endorsed by the Local Planning Authority as these businesses are frequently locally based and employ local people who in turn support the local economy through their wages should not be at the cost of affordable housing provision. No affordable housing on sites below 40 units would be devastating to provision and accessibility of housing in Herefordshire to benefit a 'few companies' at the costs to hundreds of people on waiting lists.

Support to SME's should come from tax breaks or relief which could be linked to their productivity and houses delivered.

On allocated sites of under 40 units the Government could legislate these should in the first instance be made available to SME based within the relevant county (utilize an affordable house occupancy style cascade approach).

Extension of the Permission in Principle consent regime

Question 24:

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

Response:

Yes. Developments of 10 – 150 units account for around 84% of major planning applications. If one wants to speed up or unburden granting planning permission then major applications should be able to come forward through Permission in Principle (PiP). However the housing figure should not exceed 150 units so it is below the Environmental Impact Assessment (EIA) thresholds.

Furthermore PiP should be conferred as granted on all allocated sites within local plans to further ensure their delivery and reduce delay with uptake.

Question 25:

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.

Response:

Yes. Limits should still apply so to protect existing important existing and designated commercial areas, for example, town centres and employment land.

PiP should exclude conservation areas, green belts and Areas of Outstanding Natural Beauty (AONBs) due to statutory duties on Local Planning Authorities regarding those areas and inability through a PiP to consider these impacts appropriately.

Question 26:

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?

Response:

The PiP references within the Consultation appear to conflate PiP and outline planning permission which are legally defined terms. If more information is required to support a PiP then any developer might feel an outline application is a better route and thus undermine the method which is designed to enable fast streamlined decisions.

Whilst PiPs have a potentially important and positive role to play and are supported as a further tool to enable the LPA to deliver housing and mixed use development there needs to be clarity how an LPA's statutory duties regarding heritage and protected landscapes as examples, can be met within the PiP framework.

Question 27:

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

Response:

No. This should be a matter for the Technical Details content stage. Depending how PiP joins with other elements of the Governments reforms, height parameters are unnecessary and could

be part of Local Design Guides or Local Plans thus further providing certainty to developers and third parties on mitigation.

Question 28:

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.**

Response:

As PiP is a technical assessment requiring professional assessment and judgement on a very narrow set of parameters the decision should be one for professional planning officers. The reason and usefulness of public consultation on a PiP is therefore questioned. Public consultation on Technical Details consent applications however would be useful purpose.

Newspapers are an outmoded method of communication reaching a reducing audience and delay the LPA's ability to determine a PiP due to newspaper printing deadlines corresponding to consultation date windows.

LPA's could/should have a daily updated PiP application list readily found on its website and advertised on its social media platforms.

Herefordshire Council has been 'digital by default' for the last two years and many of the council's services are now online with an ambition to increase this further.

Question 29:

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

Response:

Yes. Based on there being no technical assessments required and principle is only consideration, the work required by LPA's is significantly less than an outline application.

However Technical Design consent applications will be more involved and should attract a 'full' fee.

Question 30:

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

Response:

On the basis that officers will need to fully assess the proposal in consultation with other technical officers and equivalent fee to outline permission should be applied.

Brownfield Land Register and Permission in Principle

Question 31:

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.

Response:

This issue is not of significant relevance to Herefordshire as we have a very low level of brownfield land compared to many other areas of the country. Brownfield sites are included within the register currently held by Herefordshire Council and there are no specific issues including any PiP within this,

Question 32:

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

Response:

As above but it is imperative that PIP should ensure that all technical issues with a site can be resolved at that stage. The Government should set minimum requirements concerning the supporting information that is required in order to ensure that the site is deliverable and that all constraints are identified as well as appropriate mitigation measures to respond to these.

Regulatory Impact Assessment

Question 33:

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

Response:

It is anticipated that there will still be public interest in the planning system and workloads will shift rather than decrease under the new scheme.

Experience so far on PiP applications have demonstrated that the similar amount of input is required by officers to PiP as an Outline application.

Question 34:

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

Response:

If they perceive that this is a quicker route to permission then they will use it. At the moment many believe it is easier to make an outline or full application. Currently evidence has shown that despite a site allocation in an adopted NDP, the PiP application has generated more issues than an Outline application would have. This has given a negative experience for that landowner.

Question 35:

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?

Response:

The rising of the affordable housing threshold from 11 to 40/50 units has the potential to reduce affordable housing in rural areas, a proportion of which will include specialised housing for people who meet the characteristics under the Public Sector Equality Duty. this could leave them disadvantaged in comparison to current planning laws. The impact on persons with disability of reduce access to suitable affordable housing would be greater than those who do not meet the characteristics.