

OFFICER REPORT FOR COMMITTEE

DATE: 24/06/2020

P/18/1118/OA

STUBBINGTON

FAREHAM LAND LP

AGENT: PEGASUS PLANNING
GROUP

OUTLINE APPLICATION WITH ALL MATTERS RESERVED (EXCEPT FOR ACCESS) FOR THE DEMOLITION OF EXISTING BUILDINGS AND DEVELOPMENT OF UP TO 75 DWELLINGS, OPEN SPACE, VEHICULAR ACCESS POINT FROM NEWGATE LANE AND ASSOCIATED AND ANCILLARY INFRASTRUCTURE

LAND AT NEWGATE LANE (NORTH), FAREHAM

Report By

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1.0 **Introduction**

- 1.1 This application is being presented to the Planning Committee due to the number of third-party representations received.
- 1.2 An appeal against the non-determination of this application has been submitted to the Planning Inspectorate. The Inspectorate notified the Council on 2nd June 2020 that the appeal is valid and has advised that the appeal will proceed by way of an inquiry. The date of the inquiry is yet to be confirmed.
- 1.3 Whilst this Council is no longer able to decide this application it is necessary for Members to confirm the case that this Council will present to the Planning Inspector. This report sets out all the relevant planning policies and relevant material planning considerations and invites Members to confirm the decision they would have made if they had been able to determine the planning application. This will then become the Council's case in respect of the forthcoming appeal.
- 1.4 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that the Council currently has a housing land supply of 2.72 years (a shortfall of 1,231 dwellings within the 5-year period).
- 1.5 It should be noted that a planning application for up to 115 dwellings on land to the immediate south of the site is also under consideration and reported elsewhere on this agenda (P/19/0460/OA). That application is also now the subject of a 'non-determination' appeal. The two applications, now appeals, are being progressed in tandem but have been submitted separately for commercial reasons.

2.0 ***Site Description***

- 2.1 This application relates to land at Newgate Lane (North). It comprises 3.95 hectares of agricultural land, bounded by Newgate Lane to the west and the new Newgate Lane relief road to the east. The western strip of the site is separated from the rest of the site by the River Alver. The site boundaries and internal field boundaries are made up of hedgerows and mature trees.
- 2.2 The application site contains two existing disused agricultural buildings to the north of Hambrook Lodge, which itself lies outside the application boundary. Vehicular access to Hambrook Lodge is provided off Newgate Lane.
- 2.3 Overhead electricity cables transect the site diagonally running in a north-west to south-east direction.
- 2.4 Peel Common Wastewater Treatment Works (WWTW) is located approximately 200m to the west of the site.
- 2.5 The Newgate Lane 'relief road', known as Newgate Lane East, runs along the eastern boundary of the site. The relief road diverts traffic travelling between Fareham (via Gosport Road) or Longfield Avenue and Peel Common Roundabout on a new section of road located closer to Bridgemary through the existing Strategic Gap. The existing Newgate Lane, which is immediately west of the site, will continue to provide vehicular access to properties on that road but through-traffic is restricted at Peel Common Roundabout to all but pedestrians and cyclists.
- 2.6 The site falls within the countryside, lying outside the urban settlement boundary as defined in the adopted Local Plan. It is located within the Stubbington / Lee on Solent to Fareham/Gosport Strategic Gap.
- 2.7 Part of the site to the east of the River Alver is identified as a 'Low Use' Brent Geese and Wader site in the Solent Waders and Brent Goose Strategy.

3.0 ***Description of Proposal***

- 3.1 Outline planning permission is sought for the demolition of the existing agricultural buildings on the site and the construction of up to 75 dwellings with vehicular access from Newgate Lane.
- 3.2 The application is accompanied by parameter plans on density and building heights and an Illustrative Masterplan. Matters of scale, appearance, layout and landscaping are reserved for future determination.

4.0 ***Policies***

4.1 The following policies apply to this application:

National Planning Policy Framework (NPPF)
Planning Practice Guidance (PPG)

Adopted Fareham Borough Core Strategy

CS2: Housing Provision
CS4: Green Infrastructure, Biodiversity and Geological Conservation
CS5: Transport Strategy and Infrastructure
CS6: The Development Strategy
CS14: Development Outside Settlements
CS15: Sustainable Development and Climate Change
CS16: Natural Resources and Renewable Energy
CS17: High Quality Design
CS18: Provision of Affordable Housing
CS20: Infrastructure and Development Contributions
CS21: Protection and Provision of Open Space
CS22: Development in Strategic Gaps

Adopted Development Sites and Policies

DSP1: Sustainable Development
DSP2: Environmental Impact
DSP3: Impact on Living Conditions
DSP6: New Residential Development Outside of the Defined Urban Settlement
DSP13: Nature Conservation
DSP14: Supporting Sites for Brent Geese and Waders
DSP15: Recreational Disturbance on the Solent Special Protection Areas
DSP40: Housing Allocations

Other Documents:

Fareham Borough Design Guidance: Supplementary Planning Document
(excluding Welborne) December 2015
Residential Car Parking Standards 2009

5.0 ***Relevant Planning History***

5.1 No relevant planning history.

6.0 ***Representations***

6.1 There have been 128 representations received, of these 126 were objections, one was neutral and one was in support. The main issues raised within the representations can be summarised as follows:

Location and Policy Issues

- Potential for further development of area and associated impacts – would set a precedent for future development
- Located in strategic gap
- Loss of countryside
- Contrary to policy, including statutory development plan
- Contrary to PUSH Spatial Position Statement
- Houses should be first and foremost built on brownfield sites – other brownfield sites are available to build on
- Fareham has duty to cooperate with its neighbours – Gosport BC opposed to building within the strategic gap
- Impact on character of the ‘new’ Newgate Lane and the ‘old’ Newgate Lane
- Impact on green belt
- Runway approach to Solent Airport needs to be kept clear
- Housing should be built where it is needed and building on Newgate Lane is not needed or advisable – Welbourne developments will fulfil Fareham’s housing obligations

General

- Over development of the area, and over development of the site – density too high
- Out of keeping with the area
- Lack of jobs in the area and not enough jobs at Daedalus
- Residents not being listened to
- Not enough involvement/consultation with GBC
- Query whether MoD has been consulted regarding HMS Collingwood playing fields
- New houses not big enough to live in, and have small gardens
- Proposal is a ‘done deal’
- Companies will be reluctant to relocate to and invest in Gosport, depriving local people of jobs
- Loss of open space will have negative impact on mental health and wellbeing of the population of Fareham and Gosport
- Impact on privacy
- Concerns regarding accuracy of Planning Statement and its policy analysis
- Will lead to Gosport becoming isolated/‘blocked in’
- Cumulative impact of development proposed in the area – planning applications should be assessed together and not individually

Highways and transport

- Proposal would negate the benefits of the improvements at Newgate Lane East

- Newgate Lane East is intended to address existing traffic problems on Gosport peninsular and access to the Solent Enterprise Zone, not to be congested by further housing development.
- The proposal will impact the local and strategic highway networks, and will undermine the ability of transport routes to function effectively, including Newgate Lane and the proposed Stubbington Bypass
- Capacity on routes to and from Gosport needs to be available to regenerate the Borough's brownfield sites and stimulate the economy, and new housing development adjacent to these routes will impede this
- Existing roads cannot take the extra traffic and are dangerous
- New link road to motorway junction needed at North Bridgemark
- Additional traffic would negatively impact businesses and the local economy
- Will result in increased traffic in the area and more congestion, and disruption to travel in and out of the peninsula
- Exacerbation of traffic issues would impact access by emergency vehicles and police, and would impact access to services such as the QA Hospital
- Link road needed for Enterprise Zone at Daedalus
- The junction between the new Newgate Lane and the spur into old Newgate Lane will need to be upgraded with traffic lights or a roundabout
- Will lead to additional traffic on residential streets from 'rat running'
- New infrastructure should be provided before new housing is consented/built
- Should wait until the proposed Stubbington Bypass is in place
- Impact on use of old Newgate Lane as a cycling route
- Proposal would be car dependent with little provision for alternative transport options including public transport
- Proposals disregard the arguments, concerns and stipulations of Hampshire CC in approving Newgate Lane East
- Queries regarding traffic impacts, including impact on traffic leaving Gosport at peak times

Impact on local services

- Impact on, and provision of, infrastructure, facilities and services, and concerns regarding capacity and pressure on services – including schools, doctors, dentists, hospitals, bus services, police, public open spaces, and utilities.
- Unfair impact on Gosport – Fareham gets council tax but Gosport will provide the services (GPs, schools, etc.)
- Sewage system cannot cope
- Concern regarding lack of assessment of infrastructure impacts on Gosport residents

Environmental

- Loss of green/open space
- Loss of agricultural land
- Impact on ability to make optimum use of green infrastructure, including providing green linkages from Fareham to the coast
- Impact on wildlife and habitats – including on bats, horses, deer, birds, badgers etc.
- Odour from sewage works already a problem which this proposal would exacerbate and be affected by
- Air quality impacts, including on the AQMA at the north end of Newgate Lane and Gosport Road
- Air quality impacts would conflict with FBC Clean Air Campaign measures
- Concerns regarding adequacy of report on air quality and odour
- Aircraft noise impacts – development located under flight path
- Aircraft noise not mentioned in noise survey
- Increase in road noise, including noise from cars using Newgate Lane which would be harmful
- Building will be noisy
- Flooding impacts, including surface water flooding due to drainage issues, and risk of flooding to property south of the development
- Concerns regarding accuracy of Flood Risk Assessment
- Nitrate levels in the Solent need to be reduced and increasing the population will impede this
- Concerns regarding pollution of River Alver

Support

- More houses are needed for the next generation
- New development would have fast internet access, which could lead to the provision of faster internet for existing Newgate Lane residences

6.2 A petition opposing this development and other development on Land at Newgate Lane (South) and HA2 – Newgate Lane South, Peel Common has been started on www.change.org and as at 9th June 2020 contains 901 signatures. It reads as follows:

Stop building houses on the Fareham / Gosport Strategic Gap!

We, the undersigned, object to building houses on the Gosport / Fareham / Stubbington Strategic Gap, as set out in the planning application

Reference: P/18/1118/OA Land At Newgate Lane (North) Fareham Outline Planning Permission for the demolition of existing buildings and development of up to 75 dwellings, open space, vehicular access point from Newgate Lane and associated and ancillary infrastructure, with all matters except access to be reserved.

And:

Reference: P/19/0460/OA Land At Newgate Lane (South) Fareham Outline planning permission for the demolition of existing buildings and development of up to 125 dwellings, open space, vehicular access point from Newgate Lane and associated and ancillary infrastructure, with all matters except access to be reserved.

And:

HA2 - Newgate Lane South, Peel Common

The reasons for our objection include, but it not exclusive to, the following:-

Nitrate levels:

The Solent is located with a Special Protection Area (SPA), which is protected under the Conservation of Habitats and Species Regulations 2017

The primary concern in the Solent area is the quality of the water, with high levels of nitrogen causing eutrophication (excessive growth of green algae) which can result in oxygen depletion within rivers and groundwater, and therefore a loss in species richness of protected habitats and bird species. An increase in nitrates also leads to an increase in nitrogen oxides, which can impact air quality and raise acidity levels in water. High levels of nitrogen in the atmosphere can also contribute to the greenhouse effect and acid rain, which are both concerns relating to climate change.

Air Quality:

The Environment Agency has named Fareham Borough Council as one of 30 councils in the UK which have excessive levels of nitrogen dioxide, breaching the EU Commissions limit.

Air Quality Management Areas (AQMAs) are declared when there is an exceedance or likely exceedance of an Air Quality Strategy (AQS) objective, which are legally binding pollution limits to which Fareham and Gosport Boroughs must adhere to. The areas identified, include

An area encompassing the junction of Gosport Road, Redlands Lane and Newgate Lane Fareham and the surrounding area up to the Quay Street roundabout Fareham.

Traffic from the proposed development will lead through these areas. This is in addition to the increased air traffic from the development of Solent Airport.

Fareham Borough Council's own policy states: 2.1 Policy CS5, Transport Strategy and Infrastructure, Paragraph 2: "Development proposals which generate significant demand for travel and/or are of a high density, will be located in accessible areas that are or will be well served by good quality public transport, walking and cycling facilities."

Draft Policy INF2 aims to: "g) Positively contributes to the delivery of the Council's Air Quality Action Plan by mitigating the effects of development on air quality within Air Quality Management Areas (AQMAs); and h) Demonstrates good practice and principles of design, minimising emissions and contributing to the reduction of transport impacts on local air quality." This proposed development has its main access through an AQMA. 1.3 Draft Local plan CF1 - Development proposals for new or extended community and leisure facilities

within the urban area boundary, will be permitted where they: “c) Do not have a severe adverse impact on the strategic and/or local road network”

Development of Greenfield and strategic gap

This contravenes Fareham’s own policies. Both Gosport and Fareham adopted protection of the Strategic Gap in 2015.

Partnership for Urban South Hampshire(PUSH) policy as follows: 1.1. Policy C22 (DLP SP6): Development in Strategic Gaps a policy that specifies that:

“Development proposals will not be permitted where they cause severe adverse harm to the physical and visual separation of settlements.”

PUSH Spatial Position Statement, key principle D: Protecting and Enhancing Countryside Gaps, article 5.2L “Locating development in a way which creates a high quality pattern of town and countryside, maintaining the distinct identity and separation of key cities and towns, to avoid urban sprawl.” and the Position Statement S1: “Strategic countryside gaps between settlements are important in maintaining the sense of place, settlement identity and countryside setting for the sub region and local communities.” This premise is policy that applies to all the PUSH signatories.

School Places:

Admissions data shows that the local schools are over-subscribed.

Reception admissions for Reception 2018. Places offered / applications made Peel common reception: 49/81

Rowner 53 / 99

Bedenham 37/53

Woodcot 26/46

Year 7 admissions for 2018. Places offered / applications made

Crofton 218/438

Bridgemary 179/232

Brune Park 293/322

Therefore, this many houses would require the building of a new school that is both nitrate and carbon neutral.

Doctors and medical care:

Dr Ian Bell, of Lee Medical Practice, was reported to have said: “Most people will be aware that the NHS and general practice in particular, is facing unprecedented demands and pressures on its services at a time when there are real challenges on both GP and nurse recruitment and retention, especially In the Gosport area”

Two of eight medical practices have had to close their registers. Residents of the Gosport area were not able to change surgeries over the winter, as medical practices would be left with ‘unsafe to manage’ numbers of patients.

The British Medical Journal review, identified a deterioration in outcome for people that live further or take longer to get to hospital. Increased traffic along the route from Gosport areas to QA will increase the travel time.

Population density and housing:

The Office of National Statistics 2018 records the population density of Gosport as 3372 per km². Therefore, making it one of the most densely populated areas in the UK.

Median house prices to median earnings ratio demonstrate it is one of the more affordable places in the county to live. Therefore, increased housing availability is unlikely to have the same impact of housing prices as exists in other parts of the county.

Gosport has areas ring-fenced as the top 10% most deprived areas in the UK. Without a train service, the routes out of the area, include the ferry and the Newgate Lane route. Clogging the arteries out of the area will further isolate those who need access to work and amenities. Therefore, isolating those residents on the uniquely positioned, peninsula and in deprived areas.

To summarise, it is on the basis of these points raised that we object to the mentioned planning applications and any building on the Strategic Gap. Please see the additional comments for further points made.

- 6.3 A petition entitled 'Fareham and Gosport Residents against the development in the Strategic Gap' was published in March 2020. As at 9th June 2020, there were 132 signatories. It reads as follows:

Fareham and Gosport Residents against the development in the Strategic Gap

We the undersigned petition the council to Stop the development of the Strategic gap between Fareham and Stubbington.

It would appear that in the past promises have been made by certain councillors to preserve the gap between Fareham & Stubbington. The residents now find that consideration is being given to develop the GAP. In a CAT meeting Sean Woodward said that there was a duty to help neighbouring areas (Portsmouth & Gosport) with housing. Gosport Borough Council have said that this is not the case and they do not need Fareham to help with housing. Portsmouth City Council have said that they have a short fall of 3000 houses. This would raise doubts over the numbers needed to be built as Portsmouth Planning Dept say that they are also in negotiation with other councils to provide them with help, Quote

'For us this means Fareham and Havant Borough's and the southern parts of Winchester and East Hampshire District's around the Waterlooville/ Clanfield/ Horndean area.'

With all these areas being looked at and the fact that we already have Welbourne as a development I would suggest that we do not need to take the 1700 houses that Mr Woodward seems to think we need and using up lovely agricultural land and recreation area.

This Petition is on the Council's website with an end date of 30th June 2020.

7.0 **Consultations**
EXTERNAL

Highways (Hampshire County Council)

- 7.1 The applicant has only submitted information on the cumulative highway impact of development proposed as a result of this application together with that to the south (P/19/0460/OA). The highway authority is only able to comment on the submitted information and cannot determine the impact of this development in isolation.
- 7.2 The recent realignment and upgrade of Newgate Lane makes up part of the 'Improving Access to Fareham and Gosport' strategy. The technical assessment for this strategy assumed development of existing brownfield regeneration sites and not development of greenfield sites along the Newgate Lane corridor. The primary aim of the strategy is to stimulate the provision of employment and investment in employment opportunities within Gosport.
- 7.3 The Highway Authority have raised a number of concerns regarding the submitted information and recommends refusal on the following grounds:
- unacceptable site access design;
 - unacceptable impact on the junction of old Newgate Lane/Newgate Lane East; and
 - the lack of an acceptable Travel Plan and no agreement of sustainable transport contributions.

Natural England

- 7.4 Mitigation is required in accordance with the Bird Aware Solent Definitive Strategy and Solent Waders and Brent Goose Strategy Guidance. A per-unit contribution will need to be secured in line with the Solent Recreation Mitigation Strategy to ensure that in-combination recreation impacts are fully mitigated. Further detail is required to demonstrate a clear link between the impact on waders and brent geese and the proposed mitigation i.e. detail of how the financial contributions will be used to maintain and enhance the wider network within the Borough.

Flood Water Management Team (Hampshire County Council)

- 7.5 General principles for the surface water drainage proposals are acceptable. Recommended condition.
- 7.6 Long-term maintenance and responsibility for SuDS should be agreed between the LPA and the applicant before planning permission is granted.

Archaeology (Hampshire County Council)

- 7.7 No indication that archaeology represents an overriding concern, the assessment, recording and reporting of any archaeological deposits affected by construction should be secured by condition.

Children's Services (Hampshire County Council)

- 7.8 Schools are full. No requirement to expand schools but a contribution is required to improve infrastructure and to secure funding to undertaken school travel plans and investment in sustainable travel and address suitability issues. A contribution of £313,874 is required based on £14,267 per primary age place.

Minerals and Waste Planning Authority (Hampshire County Council)

- 7.9 Development lies within mineral and waste consultation area (MWCA) and in close proximity to Peel Common WTW with a small part of the western portion within the safeguarded area.
- 7.10 Any mitigation measures would need to be undertaken by the proposed non-minerals or waste development and reduce potential impacts to and from the safeguarded site to levels that would ensure the safeguarded site could continue its intended minerals or waste use.
- 7.11 In order to discharge the requirements of the safeguarding policy, HCC would expect to see how the nearby safeguarded site was considered, how operator comments were taken into account and what impact that had on the proposed development design. HCC would expect to see a condition requiring such details.

Gosport Borough Council

- 7.12 GBC strongly objects to the application. The site is located in the Strategic Gap separating the settlements of Fareham, Gosport, Stubbington and Lee-on-the-Solent contrary to the Fareham Core Strategy Policy CS22. Gosport BC also identified the settlement gap between Fareham, Gosport, Stubbington and Lee-on-the-Solent.
- 7.13 The site is an important component of green infrastructure which serves existing communities and developments planned in development plans. Would diminish opportunities to make the optimum use of this green infrastructure in providing green linkages from Fareham to the coast via the Alver Valley Country Park.
- 7.14 Proposal has significant potential to negate the benefits being provided by the new improvements to Newgate Lane with a negative impact on traffic flows and increased congestion to the detriment of Gosport

residents and the local economy including accessibility to the Solent EZ at Daedalus.

- 7.15 Proposal would be very car dependent with little provision for public transport. Any additional traffic on Newgate lane is likely to have an impact on the AQMA at the north end of Newgate Lane and Gosport Road.
- 7.16 Proposal would significantly undermine the ability of the transport routes to function effectively including the recently improved Newgate Lane and the proposed Stubbington Bypass. Specific consideration needs to be given to the acute transport and wider economic regeneration issues facing GBC and the need to understand the impact this development would have on the economic performance of the Borough.
- 7.17 Any remaining limited capacity on the routes to and from Gosport needs to be available to regenerate the Borough's brownfield sites and stimulate its economy.
- 7.18 Undermines the PUSH Principle A which seeks to maximise development potential of urban areas and minimise greenfield land take.

Southern Water

- 7.19 The proposed development is located approximately adjacent to the Peel Common Wastewater Treatment Works (WWTW). A precautionary buffer zone distance of 500m from the perimeter fence of the WWTW has been used for the purposes of the consultation response.

Crime Prevention Design Advisor (Hampshire Constabulary)

- 7.20 Provided advice in respect of crime prevention.

INTERNAL

Ecology

- 7.21 The development will result in the loss of an occasional night roost used by a single common pipistrelle bat. Recommends condition attached to any permission requiring details of all necessary ecological mitigation, compensation, enhancement and management measures.

Trees

- 7.22 No objection. More detail will be necessary to determine the viability of any layouts relative to retained trees and hedges. A detailed landscaping and tree planting scheme will be required.

Recycling Coordinator

7.23 No comment.

Environmental Health

7.24 The site is not ideal for residential development however the developer has provided an assessment that predicts that odour from Peel Common Sewage Works will be within acceptable limits. No objection on grounds of odour.

7.25 Intermittent noise of passing aircraft is not likely to require specific mitigation by the developer.

Contaminated Land Officer

7.26 No objection subject to planning condition.

Affordable Housing Strategic Lead

7.27 Advice has been provided in respect of the affordable housing mix to be secured which will be the subject of detailed negotiations.

8.0 *Planning Considerations*

8.1 The following matters represent the key material planning considerations which would need to be assessed to determine the suitability of the development proposal. The key issues comprise:

- a) Implication of Fareham's current 5-year housing land supply position;
- b) Residential development in the countryside;
- c) The impact on European Protected Sites
- d) Policy DSP40;
- e) Other matters;
- f) The Planning balance

a) Implications of Fareham's current 5-year housing land supply position

8.2 A report titled "Five-year housing land supply position" is reported elsewhere on this agenda. That report sets out this Council's local housing need along with this Council's current housing land supply position. The report concluded that this Council has 2.72 years of housing supply against the 5YHLS requirement meaning there is a shortage of 1,231 dwellings.

8.3 Officers accept that the Council cannot currently demonstrate a 5-year supply of deliverable housing sites.

8.4 The starting point for the determination of this planning application is section 38(6) of the Planning and Compulsory Purchase Act 2004:

"If regard is to be had to the development plan for the purpose of any determination to be made under the Planning Acts the determination must be made in accordance with the plan unless material considerations indicate otherwise".

- 8.5 In determining planning applications there is a presumption in favour of the policies of the extant Development Plan, unless material considerations indicate otherwise. Material considerations include the planning policies set out in the NPPF.
- 8.6 Paragraph 59 of the NPPF seeks to significantly boost the supply of housing.
- 8.7 Paragraph 73 of the NPPF states that local planning authorities should identify a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement including a buffer. Where a local planning authority cannot do so, and when faced with applications involving the provision of housing, the policies of the local plan which are most important for determining the application are considered out-of-date.
- 8.8 Paragraph 11 of the NPPF then clarifies what is meant by the presumption in favour of sustainable development for decision-taking, including where relevant policies are "out-of-date". It states:

"For decision-taking this means:

- *Approving development proposals that accord with an up-to-date development plan without delay; or*
- *Where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date, granting planning permission unless:*
 - i. *The application of policies in this Framework that protect areas of assets of particular importance provides a clear reason for refusing the development proposed⁶; or*
 - ii. *Any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole."*

- 8.9 Footnote 6 to Paragraph 11 reads:

"The policies referred to are those in this Framework (rather than those in development plans) relating to: habitats sites (and those sites listed in

paragraph 176) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, a National Park (or within the Broads Authority) or defined as Heritage Coast; irreplaceable habitats; designated heritage assets (and other heritage assets of archaeological interest referred to in footnote 63); and areas at risk of flooding or coastal change.”

8.10 The key judgement for Members therefore is whether the adverse impacts of granting planning permission would significantly and demonstrably outweigh the benefits, when assessed against the policies taken as a whole.

8.11 Members will be mindful of Paragraph 177 of the NPPF which states that:

“The presumption in favour of sustainable development does not apply where the plan or project is likely to have a significant effect on a habitats site (either alone or in combination with other plans or projects), unless an appropriate assessment has concluded that the plan or project will not adversely affect the integrity of the habitats site.”

8.12 The following sections of the report assesses the application proposals against this Council's adopted local planning policies and considers whether it complies with those policies or not. Following this Officers undertake the Planning Balance to weigh up the material considerations in this case.

8.13 In the absence of a five-year supply of deliverable housing sites, Officers consider that policy DSP40 is the principal development plan policy that guides whether schemes will be considered acceptable.

b) Residential Development in the Countryside

8.14 Policy CS2 (Housing Provision) of the adopted Core Strategy states that priority should be given to the reuse of previously developed land within the urban areas. Policy CS6 (The Development Strategy) goes on to say that development will be permitted within the settlement boundaries. The application site lies within an area which is outside of the defined urban settlement boundary.

8.15 Policy CS14 of the Core Strategy states that:

'Built development on land outside the defined settlements will be strictly controlled to protect the countryside and coastline from development which would adversely affect its landscape character, appearance and function. Acceptable forms of development will include that essential for agriculture, forestry, horticulture and required infrastructure.'

- 8.16 Policy DSP6 of the Local Plan Part 2: Development Sites and Policies states - there will be a presumption against new residential development outside of the defined urban settlement boundary (as identified on the Policies Map).
- 8.17 The site is clearly outside of the defined urban settlement boundary and the proposal does not comprise one of the acceptable forms of development listed in Policy CS14. The proposal is therefore contrary to Policies CS2, CS6, CS9 and CS14 of the adopted Core Strategy and Policy DSP6 of the adopted Local Plan Part 2: Development Sites and Policies Plan.

c) The impact upon European Protected Sites

- 8.18 Core Strategy Policy CS4 sets out the strategic approach to Biodiversity in respect of sensitive European sites and mitigation impacts on air quality. Policy DSP13: Nature Conservation of the Local Plan Part 2 confirms the requirement to ensure that designated sites, sites of nature conservation value, protected and priority species populations and associated habitats are protected and where appropriate enhanced.
- 8.19 The Solent is internationally important for its wildlife. Each winter, it hosts over 90,000 waders and wildfowl including 10 per cent of the global population of Brent geese. These birds come from as far as Siberia to feed and roost before returning to their summer habitats to breed. There are also plants, habitats and other animals within the Solent which are of both national and international importance.
- 8.20 In light of their importance, areas within the Solent have been specially designated under UK/ European law. Amongst the most significant designations are Special Protection Areas (SPA) and Special Areas of Conservation (SAC). These are often referred to as 'European Protected Sites' (EPS).
- 8.21 Regulation 63 of the Habitats and Species Regulations 2017 provides that planning permission can only be granted by a 'competent authority' if it can be shown that the proposed development will either not have a likely significant effect on designated European sites or, if it will have a likely significant effect, that effect can be mitigated so that it will not result in an adverse effect on the integrity of the designated European sites. This is done following a process known as an Appropriate Assessment. The competent authority is responsible for carrying out this process, although they must consult with Natural England and have regard to their representations. The competent authority is either the local planning authority or the Planning

Inspectorate, depending on who is determining the application. In this case, because an appeal has been lodged, it is the Planning Inspectorate.

- 8.22 Natural England has highlighted that there is existing evidence of high levels of nitrogen and phosphorus in parts of The Solent with evidence of eutrophication. Natural England has further highlighted that increased levels of nitrates entering the Solent (because of increased amounts of wastewater from new dwellings) will have a likely significant effect upon the European Protected Sites (EPS).
- 8.23 Achieving nutrient neutrality is one way to address the existing uncertainty surrounding the impact of new development on designated sites. Natural England have provided a methodology for calculating nutrient budgets and options for mitigation should this be necessary. The nutrient neutrality calculation includes key inputs and assumptions that are based on the best-available scientific evidence and research, however for each input there is a degree of uncertainty. Natural England advise local planning authorities to take a precautionary approach when addressing uncertainty and calculating nutrient budgets.
- 8.24 The applicant submitted a nitrate budget calculation based on Natural England's methodology dated March 2020. It is noted that this guidance was updated in June 2020, however the changes will not materially affect the previous calculation. It will be for the Planning Inspector to undertake the Appropriate Assessment.
- 8.25 Officers have considered the current situation in order to be in a position to advise Members on the case that the Council should present to the Planning Inspector.
- 8.26 The calculation that the appellant has undertaken is based on an average household size of 2.4 persons in line with the Natural England guidance (March 2020). The appellant's calculation goes on to measure the total nitrogen load from the current land use and then calculates the nitrogen load from future land uses (the proposed development). The appellant's calculation demonstrates that there will be a net decrease in Total Nitrogen output from the site when it is fully occupied and therefore no mitigation is required.
- 8.27 A series of aerial photographs have been submitted to demonstrate that the site has been cultivated for a number of years together with a letter from the farmer confirming that the site has been in crop production since at least 2009. A tenancy agreement has also been submitted, however as the accompanying plan cannot be located, no weight can be attached to this.

Officers are satisfied however that sufficient evidence exists to substantiate the inputs used to calculate the existing nitrogen load. As the application is in outline with layout reserved for future determination, any reliance on the illustrative masterplan to identify the amount of open space / SANG, and therefore calculate the nitrogen budget for future uses, must be treated with caution. It would be necessary to ensure that a minimum of 0.58ha of open space / SANG could be secured as part of any reserved matters application in order to conclude that the development would not have a significant adverse effect on the EPS.

- 8.28 In addition to the impacts set out above, it is recognised that increasing the number of houses close to the Special Protection Areas could result in increased disturbance to over-wintering birds and have a likely significant effect. The Solent Recreation Mitigation Strategy has been developed to address this potential impact. Subject to the appropriate financial contribution being secured, Officers believe this likely significant effect can be satisfactorily mitigated.
- 8.29 The proposed development will result in the loss of part of a Solent Waders and Brent Goose Strategy (SWBGS) Low Use site (F15). The level of mitigation and off-setting required is dependent on the importance of the site within the ecological network and how these non-designated sites support the wider designated Solent SPA network. All Low Use sites have the potential to be used by waders or brent geese and to support the existing network and provide alternative options and resilience for the future network.
- 8.30 In accordance with the SWBGS guidance on off-setting and mitigation requirements (Final Report, October 2018), proportionate mitigation is required for the loss of Low Use sites. Where impacts to Low Use sites cannot be avoided or adequately mitigated on-site, mitigation would comprise off-setting or enhancement measures via payment of £35,610 per hectare towards the management and enhancement of the wider waders and Brent geese ecological network. The payment would need to be secured through a legal agreement under Section 106 of the Town & Country Planning Act 1990
- 8.31 Natural England has made it clear that complete information is required to ensure that the proposal will not affect the integrity of the international sites, citing recent CJEU decisions. Further information is therefore required to demonstrate a clear link between the impact and the proposed mitigation i.e. detail of how the financial contributions will be used to maintain and enhance the wider network within the Borough. In the absence of this information, the determining authority cannot reasonably conclude that the proposal will not adversely affect the integrity of the European site and therefore would not be in a position to lawfully grant consent for the project.

d) Policy DSP40

8.32 Policy DSP40: Housing Allocations, of Local Plan Part 2, states that:

"Where it can be demonstrated that the Council does not have a five-year supply of land for housing against the requirements of the Core Strategy (excluding Welborne) additional housing sites, outside the urban area boundary, may be permitted where they meet all of the following criteria:

- i. The proposal is relative in scale to the demonstrated 5-year housing land supply shortfall;*
- ii. The proposal is sustainably located adjacent to, and well related to, the existing urban settlement boundaries, and can be well integrated with the neighbouring settlement;*
- iii. The proposal is sensitively designed to reflect the character of the neighbouring settlement and to minimise any adverse impact on the Countryside and, if relevant, the Strategic Gaps;*
- iv. It can be demonstrated that the proposal is deliverable in the short term; and*
- v. The proposal would not have any unacceptable environmental, amenity or traffic implications".*

8.33 Each of these five bullet points are worked through in turn below:

Policy DSP40 (i)

8.34 The proposal for up to 75 dwellings is relative in scale to the 5YHLS shortfall and therefore bullet i) of Policy DSP40 is satisfied.

Policy DSP40 (ii)

8.35 The site lies within the designated open countryside approximately 200m at its closest point (as the crow flies) to the settlement of Bridgemary within Gosport Borough. There is a clear physical and visual separation between the site and the urban area of Gosport.

8.36 The land to the north, east and south of the application site is currently in agricultural use. A solar farm is located to the north west, with land to the south in agricultural use.

8.37 Hambrook Lodge adjoins the site to the south, and there is sporadic ribbon development along Newgate Lane, south west of the application site. As discussed previously, a separate application has been submitted for land immediately to the south of the application site for up to 115 dwellings.

- 8.38 The site is not considered to be well related to the existing urban settlement boundary and neither can it be well integrated with the neighbouring settlement. It would essentially appear as an island of development.
- 8.39 It should be noted that the site to the east of the Newgate Lane East relief road has been included in the draft Fareham Local Plan (DFLP) for 475 dwellings (Site HA2 Newgate Lane South, Peel Common). Irrespective of whether this allocation is found sound at a future examination of the DFLP, policy DSP40(ii) requires the proposal to be well related to the 'existing' urban settlement boundary. The application site is some distance from the existing settlement boundary with opportunities for integration with Bridgemary hampered by the existence of the Newgate Lane East relief road.
- 8.40 The application must be considered on its merits and it cannot therefore be assumed that the development proposed immediately to the south of the application site will be approved. In terms of considering accessibility, no reliance can therefore be placed on links with the proposed development to the south. As it stands, the application site is not well related to services in Bridgemary, despite its proximity given the severing effect of Newgate Lane East. Whilst there is a crossing point from Woodcote Lane to Brookers Lane, in order to access that, residents would need to take a very circuitous route down Newgate Lane.
- 8.41 The submitted Transport Assessment (TA) includes an 800m walking isochrone and a 2km cycling isochrone (see Figure 7). However, this is based on the two application sites being considered as one and therefore it is not clear what level of connection has been assumed between the two sites. For the reasons set out above, this is not appropriate, and the conclusions set out in the TA on accessibility cannot therefore be relied upon. Even on this basis, the only facilities within the 800m isochrone are the Peel Common Evangelical Church and a bus stop on each carriageway of Newgate Lane East. This does not suggest that the site is well located to existing services and facilities.
- 8.42 As part of the evidence base for the Fareham Local Plan 2036 a background paper was prepared on accessibility. This included accessibility standards for a number of facilities including schools, shops, GP surgeries etc. By way of example, the accessibility standard for a secondary school is 1200m, yet the actual distance to the closest schools (Crofton School and Bridgemary School) is approximately 1850m. Similarly, the closest primary school (Peel Common Infant and Junior School) is approximately 1200m (via Newgate Lane) from the centre of the application site compared to an accessibility standard of 800m.

- 8.43 The submitted TA states that the site is served by bus routes 21 and 21A between Stubbington and Fareham, which together provide a roughly hourly service from approximately 0700 to 1900 hours Monday to Friday and 0900 to 1400 hours on a Saturday.
- 8.44 The application site is physically severed from facilities and services in Bridgemary by Newgate Lane East which is a significant constraint to sustainable east-west movements. The road comprises a 7.3m wide carriageway with a speed limit of 40mph, designed to reduce journey times and peak hour congestion between Fareham and Junction 11 of the M27 and the Gosport peninsula. It is not designed for pedestrians, being unlit for most of its length, and with no pavements except a very short stretch providing access to a bus stop on the respective sides of the carriageway at the crossing point between Woodcote Lane and Bookers Lane. There is a single informal, uncontrolled and narrow central refuge providing pedestrian and cycle access between Woodcote Lane and Bookers Lane to the south east of the proposed development.
- 8.45 Newgate Lane East severely constrains sustainable, permeable movement patterns between the local services in Bridgemary and the application site. The Highway Authority advise that the informal pedestrian/cyclist crossing between Woodcote Lane and Bookers Lane will need to be improved for the development to be acceptable, to be secured through a S106 agreement. A contribution of £150,000 towards crossing improvements at Woodcote Lane/Bookers Lane is required to be split proportionately between the two developments. This would equate to a contribution of £59,210 from the proposed development. However, notwithstanding any improvement, this single crossing point will only provide a very limited sustainable means of access to the local services in Bridgemary.
- 8.46 For this reason, the proposal fails to accord with Policy DSP40(ii) as it is not located adjacent to or well related to the existing urban settlement boundary, and neither can it be well integrated into the neighbouring settlement. In addition the proposal is considered to be contrary to Policy CS5 (Transport Strategy and Infrastructure) of the adopted Fareham Borough Core Strategy which states that development will be permitted which “is designed and implemented to prioritise and encourage safe and reliable journeys by walking, cycling and public transport”, and Policy CS17 (High Quality Design) which expects development to “ensure permeable movement patterns and connections to local services, community facilities, jobs and shops”.

Policy DSP40(iii)

- 8.47 The third test of Policy DSP40(iii) is that the proposal is *‘sensitively designed to reflect the character of the neighbouring settlement and to minimise any*

adverse impact on the Countryside and, if relevant, the Strategic Gaps'. The application site is located within a Strategic Gap.

- 8.48 The area is identified within the Fareham Landscape Assessment (FLA) 2017 as part of the Woodcot/Alver Valley landscape character area (LLCA 8). The distinctive character of this area relies on its openness, its rural agricultural character and the absence of prominent urban features.
- 8.49 The landscape lacks any strong landform features or a mature framework of woodland that could potentially contain and provide a strong landscape edge to any major extension of built form into this area. There is very limited scope to accommodate development without a significant impact on the integrity of the area's rural, agricultural character and the role it performs in maintaining the separate identity and character of the settlements and their landscape settings.
- 8.50 Overall, the FLA concluded that the area plays an important role in defining the edges, separate identity and settings of Fareham and Gosport and a critical role in preventing their coalescence. Given the area's designation as part of the Strategic Gap the area is highly sensitive to change.
- 8.51 Whilst the FLA was prepared before the construction of the Newgate Lane East relief road, it did consider the impact of this on local landscape character, concluding that with the proposed mitigation, the road may not have an overwhelming urbanising effect across the area as a whole in the longer term. However, it noted that significant further development in addition to the road scheme would almost certainly have this effect, potentially tipping the balance towards a predominantly urban character.
- 8.52 The illustrative masterplan submitted as part of the application shows residential development occupying the vast majority of the site apart from a narrow strip along its western side, immediately adjacent to Newgate Lane. Taken with the draft allocation HA2 referred to previously and given the current application for land to the south the application site, this would mean that almost the entire gap between Bridgemary and Peel Common would be filled with development. The noise attenuation barriers associated with the construction of the Newgate Lane East relief road would prevent any actual physical coalescence, however the sense of separation would be lost as the housing on either side of the road would be perceived as part of a continuous settlement in views from the road and in particular by pedestrians and cyclists using the east-west access route along Woodcote/Brookers Lane. The separate identity of Peel Common (which has been strengthened by the closure of the southern end of Newgate Lane) would effectively be lost as it becomes linked to the expansion of Bridgemary across the gap.

- 8.53 Even if it were assumed that development was limited to the application site alone and the area to the south remained open, development would still lead to an unacceptable erosion of the gap between Bridgemary and Peel Common. This would be exacerbated if the draft allocation HA2 proceeds to adoption.
- 8.54 The Applicant recently submitted a Strategic Landscape and Visual Appraisal (SLVA) of the Stubbington to Fareham Strategic Gap. It does not consider the merits or otherwise of specific development proposals or sites, rather its intention is to broadly consider the appropriateness and constraints in relation to potential development within the landscape.
- 8.55 The Applicant's SLVA takes into account proposals for a Strategic Growth Area South of Fareham as set out in the Council's supplement to the Draft Local Plan 2036 which was published for consultation in January 2020. This Strategic Growth Area overlaps with a large part of the Strategic Gap however the application site is not included within the draft Strategic Growth Area.
- 8.56 Due to the severance and disturbance caused by the construction of the Newgate Lane East relief road and the consolidation of the settlement pattern as a result of implementation of the site allocated in the Draft Fareham Local Plan 2036 for 475 dwellings at Newgate Lane South (Site HA2), the applicants do not consider parcels 10 and 11 (which include the application site) should be included as priority areas of the strategic gap.
- 8.57 Given the early stage in the preparation of the Fareham Local Plan 2036, little weight should be attributed to any draft allocations and therefore as a consequence, to the conclusions of the applicant's SLVA. The FLA concluded that there is very limited scope to accommodate development without a significant impact on the integrity of the area's character and the role it performs in maintaining the separate identity and character of the settlements and their landscape settings. For this reason, Officers consider that the proposed development would be contrary to Policy DSP40(iii).
- 8.58 Policy CS17 of the adopted Fareham Borough Core Strategy sets out a similar, but separate policy test that, amongst other things, *'development will be designed to: respond positively to and be respectful of the key characteristics of the area, including heritage assets, landscape, scale, form, spaciousness and use of external materials'*. Core Strategy Policy CS14 meanwhile seeks to protect the landscape character, appearance and function of the countryside as explained earlier in this report.

8.59 Peel Common is distinctly different in character to a potentially expanded Bridgemary. The existing open countryside comprising part of the strategic gap not only maintains physical and visual separation with Bridgemary but also defines the setting of Peel Common as a separate settlement within the Woodcot/Alver landscape character area. The FLA identifies Peel Common as a low-density fringe and ribbon -development as distinct from the description of Bridgemary in the Gosport Townscape Assessment (Hampshire County Council 2010) as a large, modern residential estate of medium to high density development. The density and building heights parameter plan submitted by the applicant, indicates that the proposed residential development would be akin to a large residential housing estate which is not considered to respect the character of Peel Common as required by Policy DSP(iii). This is particularly the case since the proposed development would be perceived to be more physically and visually related Peel Common than the expanded Bridgemary, given the severance effect of Newgate Road East to the east.

Policy DSP40 (iv)

8.60 In terms of delivery, the agent has advised that the site is capable of delivering 75 dwellings by August 2023. The proposal would therefore be in accordance with point iv of policy DSP40.

Policy DSP40 (v)

8.61 The final test of Policy DSP40 requires that the proposal does not have any unacceptable environmental, amenity or traffic implications. These issues are considered in turn below.

Environmental

8.62 An Ecological Assessment and surveys in respect of badger, dormouse, otter and water vole, bats, breeding and overwintering birds, reptiles and amphibians have been submitted. A biodiversity net gain calculation has also been submitted. The HCC ecologist is satisfied that there will be a net gain in biodiversity and therefore raise no concerns.

8.63 The development will affect bats which receive protection under UK law via the Wildlife and Countryside Act 1981 (as amended) and under EU law by the Habitats Directive, which is transposed into UK law by the Conservation of Habitats and Species Regulations 2017 (commonly referred to as the Habitats Regulations). Where developments affect European protected species (EPS), permission can be granted unless:

- The development is likely to result in a breach of the EU Directive underpinning the Habitats Regulations, and

- The development is unlikely to be granted an EPS license from Natural England to allow the development to proceed under a derogation from the law.
- 8.64 The Ecological Assessment report confirms that one building on site is occasional night roost used by a single common pipistrelle bat. The development will result in loss of this roost and if avoidance measures are not used then the work has the potential to kill/injure individual bats. The development will therefore result in a breach of the EU Directive.
- 8.65 A European Protected Species (EPS) licence can only be granted if the development proposal is able to meet three tests:
1. *the consented operation must be for ‘preserving public health or public safety or other imperative reasons of overriding public interest including those of a social or economic nature and beneficial consequences of primary importance for the environment’; (Regulation 53(2)(e))*
 2. *there must be ‘no satisfactory alternative’ (Regulation 53(9)(a)); and*
 3. *the action authorised ‘will not be detrimental to the maintenance of the population of the species concerned at a favourable conservation status in their natural range’ (Regulation 53(9)(b)).*
- 8.66 Test no. 1: The delivery of 75 dwellings including 40% affordable housing will contribute towards the council’s 5-year housing land supply which is of significant social importance (particularly given the council’s current lack of supply) and to the longer term delivery of housing. Test no. 1 can therefore be satisfied.
- 8.67 Test no 2: The Natural England guidance on licence applications indicates that the second test must account for the ‘do nothing’ scenario. This would leave the building in its existing condition and could prejudice the delivery of the development. An alternative scheme could be provided which preserves the building within the open space but this would represent a safety concern. It is therefore considered that there are no satisfactory alternatives and Test no. 2 can be satisfied.
- 8.68 Test no 3. It has been confirmed that due to the low conservation status of the roost, it will be registered under a bat ‘low impact’ licence (CL21) mitigation class license from Natural England, which is likely to include removing suitable roosting features by hand, overseen by a licensed bat worker, and the installation of suitable units such as bat boxes. The Council’s Ecologist is ‘confident that the development is not unlikely to be licensed’.

- 8.69 The Council's Ecologist and Natural England are satisfied with the proposal subject to the imposition of planning conditions and appropriate mitigation. However, as set out previously in this report, without further details of how the financial contributions towards offsetting the loss of a Low Use Waders and Brent Goose site would be spent, it cannot be concluded that there would not be an adverse effect on the integrity of a EPS.
- 8.70 To fulfil the requirement under the Habitat Regulations, the Planning Inspectorate would need to carry out an Appropriate Assessment in relation to the likely significant effects on the coastal Special Protection Areas (SPAs) as part of the determination of the appeal.
- 8.71 The site is primarily located within Flood Zone 1 with the area to the west of the River Alver within Flood Zone 3. The Lead Local Flood Authority consider the general principles for the surface water drainage proposals acceptable subject to an appropriately worded condition requiring further details of the surface water drainage scheme prior to the commencement of development.
- 8.72 Policy CS16 seeks to prevent the loss of the best and most versatile agricultural land. The NPPF paragraph 170(b) recognises the economic and other benefits of the best and most versatile agricultural land.
- 8.73 The site is classified as predominantly Grade 3a, i.e. best and most versatile (BMV) agricultural land, with a small area of Grade 3b land on the western edge of the site. The proposal would therefore be contrary to Policy CS16 and the permanent loss of BMV agricultural land weighs against granting planning permission in the balance of issues.
- 8.74 The proposal is considered to fail the fifth test of Policy DSP40 as a result of having unacceptable environmental implications.

Amenity

- 8.75 Matters of scale, appearance and layout are reserved for consideration at the future reserved matters application stage. It is at that stage that the detailed consideration of these issues would need to comply with policy CS17 and the adopted design guidance SPD to ensure appropriate amenity standards. Officers are satisfied that there is sufficient flexibility and control in the description of up to 75 units that this can be satisfactorily addressed to ensure that the proposal would be policy compliant.
- 8.76 Southern Water has raised concerns about the proximity of the site to the Peel Common Wastewater Treatment Works given that the majority of the site would be within the 500m precautionary buffer zone distance of 500m from the perimeter fence. The Council's Environmental Health Officer (EHO)

concluded that whilst the site is not ideal for residential development, the developer has provided an assessment that predicts that odour from Peel Common WWTW will be within acceptable limits and would not object to the development on the grounds of odour.

- 8.77 The Council's EHO confirmed that the proposed dwellings in the southern part of the site would be under the flight path of aircraft landing and taking off at Solent Airport. Whilst residents would be impacted by intermittent noise of passing aircraft during the day, the level of noise is not likely to require specific mitigation. Rather good design principles including the orientation and location of dwellings and the use of noise insulation and ventilation measures should be considered at the reserved matters stage.
- 8.78 Officers consider that amenity issues are capable of being addressed through conditions.

Highways

- 8.79 As previously noted an application for 115 dwellings on land adjacent to this site (P/19/0460/OA Land at Newgate Lane South) is also before the Council for consideration by this Committee. The transport statement and accompanying plans submitted in support of this application and for development at Newgate Lane South have only assessed the cumulative impact of both developments on the surrounding highway network. There is no standalone transport assessment for this site individually should it proceed in absence of land to the south. It is therefore not possible to fully assess the highway impacts of the development proposed in this application in isolation. This is a significant omission and a matter that was brought to the applicant's attention prior to the submission of the appeal.
- 8.80 A single point of access to the site from old Newgate Lane is proposed to serve the proposed development. The Highway Authority is satisfied that the junction will operate acceptably in capacity terms, however the design of the site access is inadequate on highway safety grounds as articulated vehicles would overrun the centre line of both Old Newgate Lane and the site access.
- 8.81 The applicant suggests that additional pedestrian connectivity will be achieved via Land to Newgate Lane (South) and Woodcote Lane, with indicative connections shown on the Illustrative Masterplan. However, as the application must be considered on its merits, no reliance can be placed on connections to Newgate Lane south.
- 8.82 The Highway Authority accept that the provision of cycling and walking facilities and access to sustainable transport are generally of an acceptable standard subject to highway contributions towards bus services, crossing

improvements at Woodcote Lane/Brookers Lane and improvements to routes to school. These would need to be secured through a s106 agreement.

- 8.83 Off-site works would be required to improve the vehicular junction of Old Newgate Lane and Newgate Lane East to accommodate the development traffic. Based on the information submitted by the applicant, the Highway Authority are not satisfied that the development traffic can be accommodated adequately on the highway network without detriment to highway safety at the junction of Old Newgate Lane and Newgate Lane East.
- 8.84 In terms of the wider highway network, the Highway Authority advise that the forecast cumulative impact of development traffic at the Speedfields Park roundabout and HMS Collingwood signalised junction, the Peel Common signalised roundabout and the Newgate Lane East/Longfield Avenue/Davis Way roundabout is considered acceptable.
- 8.85 The Highway Authority comments are set out in summary in the consultation section of this report. There are a number of outstanding issues that need to be addressed and as such a recommendation of refusal has been made on the grounds that the proposed access is inadequate to accommodate the development safely resulting in an unacceptable impact on the safety of users of the development and adjoining highway, that there would be an unacceptable impact on the junction of old Newgate Lane/Newgate Lane East and due to lack of an acceptable Travel Plan and no agreement of sustainable transport contributions contrary to the NPPF and Local Plan Policy CS5.
- 8.86 Gosport Borough Council have also raised concern over the potential for the development to negate the benefits of the improvements at Newgate Lane with a negative impact on traffic flows and increased congestion to the detriment of Gosport residents and the local economy including accessibility to the Solent EZ at Daedalus.
- 8.87 In light of the above analysis Officers consider that the proposal would have unacceptable environmental and traffic implications contrary to criteria (v) of DSP40.

e) Other matters

Affordable Housing

- 8.88 The proposal includes the provision of 40% affordable housing comprising a blend of affordable tenures. Subject to appropriate size, mix and tenure being agreed to meet the identified local need to comply with Policy CS18,

officers consider this acceptable and appropriate to secure via a Section 106 legal agreement.

Open Space, Play Provision, Green Infrastructure, Connectivity and Nature Conservation

- 8.89 Public open space will be provided on site and will include informal amenity space and a LEAP as shown indicatively on the submitted plans.
- 8.90 In respect of play provision and in accordance with the Council's adopted Planning Obligation SPD, the proposed number of units would require the provision of a Locally Equipped Area of Plan (LEAP). This can be secured via a Section 106 legal agreement.

Effect upon Local Infrastructure

- 8.0 Concerns have been raised over the effect of the number of dwellings on schools, doctors and other services in the area.
- 8.91 Hampshire County Council have identified a need to improve infrastructure and address suitability issues at local schools so that existing nominal capacity can be fully used to meet the additional demand from the development. A financial contribution can be secured through the Section 106 legal agreement.
- 8.92 The difficulty in obtaining doctor's appointments and dental services is an issue regularly raised in respect of new housing proposals. It is ultimately for the health providers to decide how they deliver their services. A refusal on these grounds would not be substantiated.
- 8.93 The Lead Flood Authority are content with the general principles for the surface water drainage proposals.

f) The Planning Balance

- 8.94 Section 38(6) of the Planning and Compulsory Purchase Act 2004 sets out the starting point for the determination of planning applications:

"If regard is to be had to the development plan for the purpose of any determination to be made under the Planning Acts the determination must be made in accordance with the plan unless material considerations indicate otherwise".

- 8.95 As set out above, the effect of Paragraph 177 of the NPPF is that:

"The presumption in favour of sustainable development does not apply where the plan or project is likely to have a significant effect on a habitats site (either

alone or in combination with other plans or projects), unless an appropriate assessment has concluded that the plan or project will not adversely affect the integrity of the habitats site”.

- 8.96 In this instance Officers have identified likely significant effects on a habitats site. Officers acknowledge that likely significant effects could be addressed by securing a payment towards the SRMS to mitigate the impact of recreational disturbance. However, appropriate mitigation for the loss of a low use Brent geese and waders site has yet to be defined and therefore it cannot be concluded that there will not be an adverse effect on the integrity of a EPS.
- 8.97 In light of the overriding reasons for refusal Officers have not undertaken an Appropriate Assessment. Accordingly the presumption in favour of sustainable development set out at Paragraph 11 of the NPPF does not apply.
- 8.98 The site is outside of the defined urban settlement boundary and the proposal does not relate to agriculture, forestry, horticulture and required infrastructure. The principle of the proposed development of the site would be contrary to Policies CS2, CS6 and CS14 of the Core Strategy and Policy DSP6 of Local Plan Part 2: Development Sites and Policies Plan.
- 8.99 Officers have carefully assessed the proposals against Policy DSP40: Housing Allocations which is engaged as this Council cannot demonstrate a 5YHLS. Officers have also given due regard to the updated 5YHLS position report presented to the Planning Committee elsewhere on this agenda and the Government steer in respect of housing delivery.
- 8.100 In weighing up the material considerations and conflict between policies; the development of a greenfield site weighed against Policy DSP40, Officers have concluded that the proposal is relative in scale to the demonstrated 5YHLS shortfall fulfilling the first test of the policy, however it is not well related to the existing urban settlement boundaries such that it can be integrated with those settlements, failing the second test of DSP40.
- 8.101 The site is located within the Strategic Gap and is not sensitively designed to reflect the area’s existing character whilst minimising any adverse impact on the countryside. The FLA concluded that there is very limited scope to accommodate development without a significant impact on the integrity of the area’s character and the role it performs in maintaining the separate identity and character of the settlements and their landscape settings. For this reason, Officers consider that the proposed development would be contrary to the third test of Policy DSP40.

- 8.102 Officers are satisfied that there are no outstanding amenity issues which cannot otherwise be addressed through planning conditions and obligations, notwithstanding that Southern Water have raised concerns regarding the proximity of the site to the Peel Common WWTW. There would be however be an unacceptable environmental impact arising from the loss of BMV agricultural land and through the loss of a Low Use site for Brent geese and waders, for which there is currently no detailed proposals for mitigation. The proposals would also have an unacceptable impact on highway safety. The application is therefore contrary to the fifth test of DSP40.
- 8.103 Affordable housing as 40% of the units, along with the delivery of onsite open space, and play provision can be secured through a planning obligation. The section 106 planning obligation could also secure an education contribution.
- 8.104 In balancing the objectives of adopted policy which seeks to restrict development within the countryside alongside the shortage in housing supply, Officers acknowledge that the proposal could deliver up to 75 dwellings, including affordable housing, in the short term. The contribution the proposed scheme would make towards boosting the Borough's housing supply is a substantial material consideration, in the light of this Council's current 5YHLS.
- 8.105 There is a conflict with development plan policy CS14, CS16 and CS22 which ordinarily would result in this proposal being considered unacceptable. However, in light of the Council's lack of a five-year housing land supply, development plan policy DSP40 is engaged and Officers have considered the scheme against the criterion therein. The scheme is not considered to satisfy the five criteria and, in the circumstances, officers consider that the benefits of granting planning permission would not outweigh the harm identified above.
- 8.106 In light of this assessment, and taking into account all other material planning considerations, Officers recommend that planning permission should not be granted for this application. A recommendation for refusal is set out below at paragraph 9.1.
- 8.107 This balancing exercise has been made under Section 38(6) of the 2004 Act as set out above, however if the likely significant effects of the development on habitats sites had been addressed and an Appropriate Assessment had concluded no adverse effects on the integrity of the habitats sites, the presumption in favour of sustainable development, as set out in NPPF paragraph 11, would apply. However, as it stands, the proposal does not accord with the development plan and the report above has shown how the proposal is contrary to the NPPF in that it fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected

Sites arising as a result of the loss of a Low Use site for Brent geese and waders, which provide a clear reason for refusing the development.

8.108 Finally, even if those reasons for refusal were not in place, Officers consider that the adverse impacts of granting planning permission would significantly and demonstrably outweigh the benefits when assessed against the policies of the NPPF taken as a whole.

8.109 Members are invited to confirm that had they had the opportunity to determine the application they would have REFUSED it for the following reasons:

9.0 **Recommendation**

9.1 The development is contrary to Policies CS2, CS4, CS5, CS6, CS14, CS15, CS16, CS17 and CS22 of the Adopted Fareham Borough Core Strategy 2011 and Policies DSP6, DSP13 & DSP40 of the Adopted Local Plan Part 2: Development Site and Policies Plan, paragraphs 103, 109 and 110 of the NPPF and is unacceptable in that:

- a) The provision of residential development in this location would be contrary to adopted Local Plan policies which seek to prevent additional residential development in the countryside;
- b) The proposed development fails to respond positively to and be respectful of the key characteristics of the area and would be harmful to the character and appearance of the countryside;
- c) The provision of development in this location would significantly affect the integrity of the strategic gap and the physical and visual separation of settlements;
- d) The application site is not sustainably located adjacent to, well related to or well-integrated with the existing urban settlement boundaries;
- e) The proposal would result in the loss of best and most versatile agricultural land;
- f) Insufficient information has been submitted to adequately assess the highways impacts arising from the proposed development;
- g) The proposed access is inadequate to accommodate the development safely;

- h) The proposed development would have an unacceptable impact on the junction of old Newgate Lane / Newgate Lane East resulting in a severe impact on the road safety and operation of the local transport network;
- i) The proposed development provides insufficient support for sustainable transport options
- j) In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which, in combination with other developments, would arise due to the impacts of recreational disturbance.
- k) In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which, in combination with other developments, would arise as a result of the loss of a Low Use site for Brent geese and waders.
- l) In the absence of a legal agreement to secure contributions to open space and facilities and their associated management and maintenance, the recreational needs of residents of the proposed development would not be met;
- m) In the absence of a legal agreement to secure contributions to education, the needs of residents of the proposed development would not be met;
- n) In the absence of a legal agreement to secure the submission and implementation of a full Travel Plan, payment of the Travel Plan approval and monitoring fees and the provision of a surety mechanism to ensure implementation of the Travel Plan, the proposed development would not make the necessary provision to ensure measures are in place to assist in reducing the dependency on the use of the private motorcar;

Note for information:

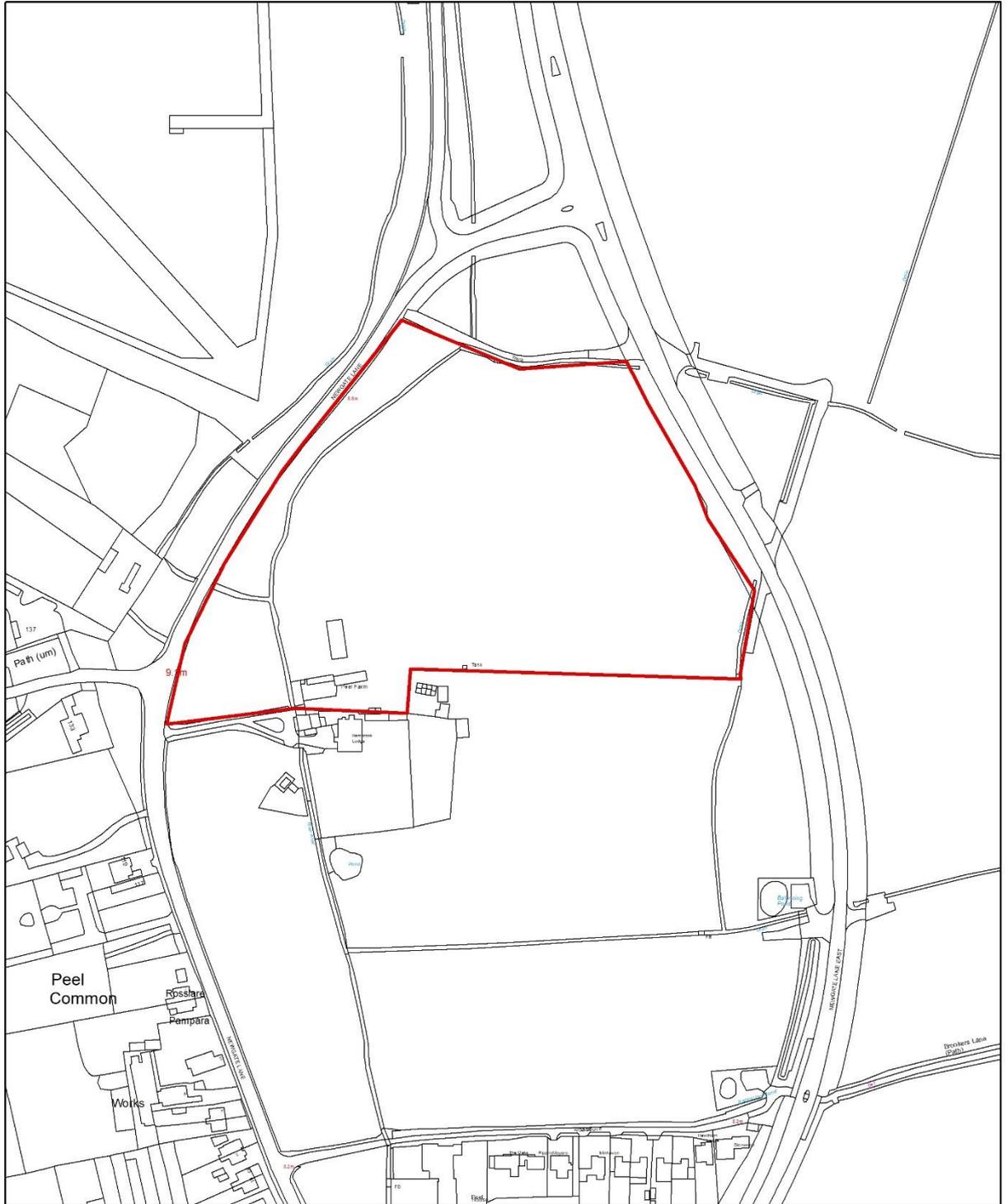
Had it not been for the overriding reasons for refusal to the proposal, and had the Local Planning Authority been in a position to determine the application, the Local Planning Authority would have sought to address points j - n) above by inviting the applicant to enter into a legal agreement with Fareham Borough Council under Section 106 of the Town & Country Planning Act 1990.

10.0 Background Papers

P/18/1118/OA

FAREHAM

BOROUGH COUNCIL



Land at Newgate Lane (North)
Scale 1:2,500

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OFFICER REPORT FOR COMMITTEE

DATE: 24/06/2020

**P/19/0460/OA
BARGATE HOMES LIMITED**

**STUBBINGTON
AGENT PEGASUS**

OUTLINE PLANNING PERMISSION FOR THE DEMOLITION OF EXISTING BUILDINGS AND DEVELOPMENT OF UP TO 115 DWELLINGS, OPEN DWELLINGS, OPEN SPACE, VEHICULAR ACCESS POINT FROM NEWGATE LANE AND ASSOCIATED AND ANCILLARY INFRASTRUCTURE, WITH ALL MATTERS EXCEPT ACCESS TO BE RESERVED

LAND AT NEWGATE LANE (SOUTH)

Report By

Richard Wright – Direct Dial 01329 824758

1.0 *Introduction*

- 1.1 This application is being presented to the Planning Committee due to the number of third-party representations received.
- 1.2 An appeal against the non-determination of this application has been submitted to the Planning Inspectorate. The Inspectorate notified the Council on 2nd June 2020 that the appeal is valid and has advised that the appeal will proceed by way of a public inquiry.
- 1.3 Whilst this Council is no longer able to decide this application it is necessary for Members to confirm the case that this Council will present to the Planning Inspector. This report sets out all the relevant planning policies and relevant material planning considerations and invites Members to confirm the decision they would have made if they had been able to determine the planning application. This will then become the Council's case in respect of the forthcoming appeal.
- 1.4 Members will note from the 'Five Year Housing Land Supply Position' report elsewhere on this agenda that the Council currently has a housing land supply of 2.72 years (a shortfall of 1,231 dwellings within the 5-year period).
- 1.5 It should be noted that a planning application for up to 75 dwellings on land to the immediate north of the site is also under consideration and reported elsewhere on this agenda. (P/18/1118/OA).

2.0 **Site Description**

2.1 The application site comprises of 6.08 hectares of grade 3a and 3b agricultural land located within the defined countryside and Strategic Gap. The submitted details indicate that the land is used for agriculture and equestrian purposes with site boundaries and internal field boundaries made up of hedgerows and mature trees.

2.2 Newgate Lane is located to the west, the Newgate Lane East to the east and Woodcote Lane to the south. The nearest residential properties are Hambrook Lodge which is located immediately adjacent to the site, as well as dwellings located on Newgate Lane and Woodcote Lane.

2.3 The River Alver flows in a southerly direction through the western part of the site and is classified as a 'Main River'. Land to the east of the river is principally located in Flood Zone 1, land to the west is principally in Flood Zone 3. The site is identified as 'low value' for Brent Geese.

3.0 **Description of Proposal**

3.1 Outline planning permission is sought for the construction of up to 115 dwellings with all matters reserved apart from the means of access to the site which would be off Newgate Lane. The layout, appearance, scale and landscaping are therefore reserved for a future reserved matters application and are not for consideration at this time.

3.2 The submitted documentation outlines the overarching principles of the proposal and include an Illustrative Masterplan. A number of technical reports accompany the application. Vehicular access would be off Newgate Lane with pedestrian links provided to land at Newgate Lane (North) and Woodcote Lane. Landscaping and ecological enhancements would be provided as well as a children's play area and an acoustic buffer from the new bypass. The development would deliver 40% affordable housing.

4.0 **Policies**

4.1 The following policies apply to this application:

National Planning Policy Framework (NPPF)
Planning Practice Guidance (PPG)

Adopted Fareham Borough Core Strategy

CS2: Housing Provision

CS4: Green Infrastructure, Biodiversity and Geological Conservation

CS5: Transport Strategy and Infrastructure

CS6:	The Development Strategy
CS14:	Development Outside Settlements
CS15:	Sustainable Development and Climate Change
CS16:	Natural Resources and Renewable Energy
CS17:	High Quality Design
CS18:	Provision of Affordable Housing
CS20:	Infrastructure and Development Contributions
CS21:	Protection and Provision of Open Space
CS22:	Development in Strategic Gaps

Adopted Development Sites and Policies

DSP1:	Sustainable Development
DSP2:	Environmental Impact
DSP3:	Impact on living conditions
DSP6:	New residential development outside of the defined urban settlement boundaries
DSP13:	Nature Conservation
DSP14:	Supporting Sites for Brent Geese and Waders
DSP15:	Recreational Disturbance on the Solent Special Protection Areas
DSP40:	Housing Allocations

Other Documents:

Fareham Borough Design Guidance: Supplementary Planning Document (excluding Welborne) December 2015
 Residential Car Parking Standards 2009
 Planning Obligation SPD for the Borough of Fareham (excluding Welborne) (April 2016)

5.0 ***Relevant Planning History***

5.1 No relevant planning history.

6.0 ***Representations***

6.1 There have been 391 representations received objecting to the proposal on the following grounds:

Principle

- Brownfield sites would be more appropriate for additional housing
- The application would be contrary to Policies CS6, CS11, CS14, CS22, DSP6 and DSP40.
- The site is not 'well integrated' contrary to policy DSP40.
- The development would undermine the PUSH Spatial Position Statement 2016
- New housing should be focussed to the north of Fareham

- There is no need for more houses

Location

- New development should be focussed north of the M27
- Loss of green land and linkages
- Impact on landscape

Strategic Gap

- Impact on the strategic gap
 - Coalescence of Fareham and Gosport.
 - The proposed development will not strengthen the strategic gap.
 - Development in the strategic gap will set a precedent for further development

Infrastructure

- Impact on doctors, schools, dentists, health services, leisure services and police
- The council tax from the houses would go to Fareham, but infrastructure such as schools and doctors would be funded by Gosport. Impact on Gosport infrastructure.
- Impact on Stubbington.
- The local amenities can't support more housing
- Unacceptable impact on utilities
- Will any contributions be provided towards education?

Highways

- Access dangerous
- Highway safety
- Traffic congestion
- The improvements to Newgate Lane have not had a positive impact
- The proposed development is contrary to the purpose of Newgate Lane East which was to provide a route with fewer side roads and driveway access points so that traffic can flow more smoothly.
- The newly developed Newgate Lane is intended to address existing traffic problems on Gosport peninsular and access to the Solent Enterprise Zone – not to be congested by yet further housing development that will be reliant on this new infrastructure.
- Limited public transport
- FBC advised that there would be no turn offs from Newgate Lane
- The TA states that the unattended pedestrian crossing between Woodcote Lane and Brookers Lane would not experience an increase

in footfall, however this is an inaccurate assumption if children from the site are to walk to the closest schools.

- The TA does not include any alternatives to the use of the Stubbington by-pass in the event that the by-pass doesn't get approved
- Increased traffic congestion will make the roads more dangerous for horse riders.
- Alterations are required to make Newgate Lane safe for cyclists
- The application asserts that the Newgate Lane upgrades were designed to accommodate the emerging residential allocate to the east known as Peel Common or HA2 but this is at odds with the objectives of the Newgate Lane improvement scheme.
- The proposed development would impact Old Newgate Lane which has become very popular with runners and cyclists.
- The interim transport assessment for the previous draft Fareham Local Plan stated that the current volume over capacity exceeds 100% in the pm peak on Newgate Lane and is approaching available practical capacity in the am peak. There is therefore no capacity for additional housing that would rely on Newgate Lane for access.
- Impact on emergency services due to traffic would put lives at risk.
- Impact on companies that want to relocate to Gosport and jobs due to traffic.
- The unattended pedestrian crossing needs further consideration from a safety and pedestrian volume perspective in terms of footfall and the information within the TA.

Pollution

- Increased air pollution which will impact the Air Quality Management Area at the end of Newgate Lane
- How can the application comply with legal limits for NO₂ when readings are more than 40ugm-3?
- Odour from Peel Common is likely to increase as more pressure is put on the water treatment works that are already at capacity
- Noise pollution from Daedalus will impact both existing and proposed dwellings and is likely to increase given FBC's investment.
- Impact of noise from Newgate Lane on future residents
- The Aircraft Noise Survey Report is based on surveys carried out during quiet periods and using limited types of aircraft. The Aircraft Noise Survey Report assumes that take-offs and landings have the same impact in terms of noise disturbance which is not accurate. These assumptions produce a conclusion that is not a genuine reflection of noise levels on the airfield.
- The Aircraft Noise Survey Report states that there is no night time flying after midnight, however there are regular night time flights as the

Solent Airport's terms and conditions allow out of hours flying subject to approval.

Environment and Ecology

- Impact on the environment
- Loss of habitat for birds, mammals, badgers and roe deer
- Nitrates impact on the Solent
- 115 Swift nest bricks should be provided as nest boxes are inadequate.

Flooding

- Loss of open land will result in flooding
- The FRA is out of date (April 2018) and does not account for the change in run-off as a result of the Newgate Lane East development.

Design

- Inappropriate density would be out of keeping with surrounding area

Other Issues

- The level of housing should be policy compliant
- Loss of greenspace will have a negative impact on the mental health and wellbeing of residents
- Large property developers build overpriced, poorly constructed and planned houses to increase profit margins.
- Plots of land should be sold to the community for construction
- Development in the area should be comprehensively planned
- The traffic is so congested it discourages market traders from trading in Gosport
- Increased congestion will discourage investment at Daedalus
- More jobs are required in Gosport to reduce the need to commute out to other areas
- Should more housing be built close to IFA2?
- Loss of grazing land for horses
- The application refers to the draft Fareham local plan which has been withdrawn therefore site HA2 has no status.
- The DAS contains inaccuracies e.g Page 28 reference to Charminster.
- Lack of pre-application consultation with Gosport Borough Council.
- Insufficient new jobs.
- Gosport has a job density ratio of 0.51 therefore to suggest that there are significant job opportunities is inaccurate.
- Proposal would impact on the economic performance of Gosport Borough

- Fareham has duty to cooperate with its neighbours – Gosport opposed to building within the strategic gap

PETITION AUGUST 2019 - Stop building in the Fareham/Gosport Strategic Gap

A petition entitled 'Stop building in the Fareham/Gosport Strategic Gap was published in August 2020. As at 9th June 2020, there were 901 signatories. It reads as follows:

Stop building houses on the Fareham/ Gosport Strategic Gap!

We, the undersigned, object to building houses on the Gosport/ Fareham/ Stubbington Strategic Gap, as set out in the planning application Reference: P/18/1118/OA Land At Newgate Lane (North) Fareham Outline Planning Permission for the demolition of existing buildings and development of up to 75 dwellings, open space, vehicular access point from Newgate Lane and associated and ancillary infrastructure, with all matters except access to be reserved.

And:

Reference: P/19/0460/OA Land At Newgate Lane (South) Fareham Outline planning permission for the demolition of existing buildings and development of up to 125 dwellings, open space, vehicular access point from Newgate Lane and associated and ancillary infrastructure, with all matters except access to be reserved.

And:

HA2 - Newgate Lane South, Peel Common

*The reasons for our objection include, but it not exclusive to, the following:
Nitrate levels:*

The Solent is located with a Special Protection Area (SPA), which is protected under the Conservation of Habitats and Species Regulations 2017 The primary concern in the Solent area is the quality of the water, with high levels of nitrogen causing eutrophication (excessive growth of green algae) which can result in oxygen depletion within rivers and groundwater, and therefore a loss in species richness of protected habitats and bird species. An increase in nitrates also leads to an increase in nitrogen oxides, which can impact air quality and raise acidity levels in water. High levels of nitrogen in the atmosphere can also contribute to the greenhouse effect and acid rain, which are both concerns relating to climate change.

Air Quality:

The Environment Agency has named Fareham Borough Council as one of 30 councils in the UK which have excessive levels of nitrogen dioxide, breaching the EU Commissions limit.

Air Quality Management Areas (AQMAs) are declared when there is an exceedance or likely exceedance of an Air Quality Strategy (AQS) objective, which are legally binding pollution limits to which Fareham and Gosport Boroughs must adhere to. The areas identified, include

An area encompassing the junction of Gosport Road, Redlands Lane and Newgate Lane Fareham and the surrounding area up to the Quay Street roundabout Fareham.

Traffic from the proposed development will lead through these areas. This is in addition to the increased air traffic from the development of Solent Airport. Fareham Borough Council's own policy states: 2.1 Policy CSS, Transport Strategy and Infrastructure, Paragraph 2: "Development proposals which generate significant demand for travel and/or are of a high density, will be located in accessible areas that are or will be well served by good quality public transport, walking and cycling facilities."

2.2 Draft Policy INF2 aims to: "g) Positively contributes to the delivery of the Council's Air Quality Action Plan by mitigating the effects of development on air quality within Air Quality Management Areas (AQMAs); and h)

Demonstrates good practice and principles of design, minimising emissions and contributing to the reduction of transport impacts on local air quality."

This proposed development has its main access through an AQMA. 1.3 Draft Local plan CF1 - Development proposals for new or extended community and leisure facilities within the urban area boundary, will be permitted where they: "c) Do not have a severe adverse impact on the strategic and/or local road network"

Development of Greenfield and strategic gap

This contravenes Fareham's own policies. Both Gosport and Fareham adopted protection of the Strategic Gap in 2015.

Partnership for Urban South Hampshire(PUSH) policy as follows: 1.1. Policy C22 (DLP SP6): Development in Strategic Gaps a policy that specifies that: "Development proposals will not be permitted where they cause severe adverse harm to the physical and visual separation of settlements."

1.2 PUSH Spatial Position Statement, key principle D: Protecting and Enhancing Countryside Gaps, article 5.2L "Locating development in a way which creates a high quality pattern of town and countryside, maintaining the distinct identity and separation of key cities and towns, to avoid urban sprawl." and the Position Statement S1: "Strategic countryside gaps between settlements are important in maintaining the sense of place, settlement identity and countryside setting for the sub region and local communities."

This premise is policy that applies to all the PUSH signatories.

School Places:

Admissions data shows that the local schools are over-subscribed. Reception admissions for Reception 2018. Places offered / applications made Peel common reception: 49/81

Rowner 53 / 99 Bedenham 37/53 Woodcot 26/46

Year 7 admissions for 2018. Places offered / applications made Crofton 218/438

Bridgemary 179/232 Brune Park 293/322

Therefore, this many houses would require the building of a new school that is both nitrate and carbon neutral.

Doctors and medical care:

Dr Ian Bell, of Lee Medical Practice, was reported to have said: "Most people will be aware that the NHS and general practice in particular, is facing unprecedented demands and pressures on its services at a time when there are real challenges on both GP and nurse recruitment and retention, especially In the Gosport area"

Two of eight medical practices have had to close their registers. Residents of the Gosport area were not able to change surgeries over the winter, as medical practices would be left with 'unsafe to manage' numbers of patients. The British Medical Journal review, identified a deterioration in outcome for people that live further or take longer to get to hospital. Increased traffic along the route from Gosport areas to QA will increase the travel time.

Population density and housing:

The Office of National Statistics 2018 records the population density of Gosport as 3372 per km². Therefore, making it one of the most densely populated areas in the UK.

Median house prices to median earnings ratio demonstrate it is one of the more affordable places in the county to live. Therefore, increased housing availability is unlikely to have the same impact of housing prices as exists in other parts of the county.

Gosport has areas ring-fenced as the top 10% most deprived areas in the UK. Without a train service, the routes out of the area, include the ferry and the Newgate Lane route. Clogging the arteries out of the area will further isolate those who need access to work and amenities. Therefore, isolating those residents on the uniquely positioned, peninsula and in deprived areas.

To summarise, it is on the basis of these points raised that we object to the mentioned planning applications and any building on the Strategic Gap.

PETITION MARCH 2020 - Fareham and Gosport Residents against the development in the Strategic Gap

A petition entitled 'Fareham and Gosport Residents against the development in the Strategic Gap' was published in March 2020. As at 9th June 2020, there were 132 signatories. It reads as follows:

"We the undersigned petition the Council to Stop the development of the Strategic gap between Fareham and Stubbington.

It would appear that in the past promises have been made by certain councillors to preserve the gap between Fareham & Stubbington. The residents now find that consideration is being given to develop the GAP. In a CAT meeting Sean Woodward said that there was a duty to help neighbouring areas (Portsmouth & Gosport) with housing. Gosport Borough Council have said that this is not the case and they do not need Fareham to help with housing. Portsmouth City Council have said that they have a short fall of 3000 houses. This would raise doubts over the numbers needed to be built as Portsmouth Planning Dept say that they are also in negotiation with other councils to provide them with help, Quote

" For us this means Fareham and Havant Borough's and the southern parts of Winchester and East Hampshire District's around the Waterlooville/ Clanfield/ Horndean area".

With all these areas being looked at and the fact that we already have Welbourne as a development I would suggest that we do not need to take the 1700 houses that Mr Woodward seems to think we need and using up lovely agricultural land and recreation area."

This Petition is on the Council's website with an end date of 30 June 2020.

7.0 **Consultations** EXTERNAL

Highways (Hampshire County Council)

- 7.1 The recent realignment and upgrade of Newgate Lane makes up part of the 'Improving Access to Fareham and Gosport' strategy. The technical assessment for this strategy assumed development of existing brownfield regeneration sites and not development of greenfield sites along the Newgate Lane corridor. The primary aim of the strategy is to stimulate the provision of employment and investment in employment opportunities within Gosport.
- 7.2 The applicant has only submitted information on the cumulative highway impact of development proposed as a result of this application together with that to the north (P/18/1118/OA). The highway authority is only able to comment on the submitted information and cannot determine the impact of this development in isolation.

- 7.3 The Highway Authority have raised a number of concerns regarding the submitted information and recommends a number of reasons for refusal on the following grounds:
- an unacceptable site access design;
 - an unacceptable impact on the junction of old Newgate Lane/Newgate Lane East; and
 - the lack of an acceptable Travel Plan and no agreement of sustainable transport contributions.

Archaeology (Hampshire County Council)

- 7.4 Advises that the assessment, recording and reporting of any archaeological deposits affected by construction be secured through planning conditions. No objection subject to condition.

Flood and Water Management Team (Hampshire County Council)

- 7.5 The general principles for the surface water drainage proposals are acceptable. No objection subject to condition securing further details.

Children's Services Department (Hampshire County Council)

- 7.6 The development will create pressure for primary and secondary school places in the locality. Contributions towards additional infrastructure is required including school travel plans and additional infrastructure at a local special school or resourced provision places.

Minerals and Waste Planning Authority (Hampshire County Council)

- 7.7 The submitted minerals safeguarding report has been assessed and concluded that extraction on both large and medium to small scale was not practical. The assessment recommended incidental extraction and this is supported. Recommend planning conditions to ensure that minerals can be viably recovered and recorded.

Environment Agency

- 7.8 No objection subject to planning conditions to secure at the reserve matter stage details on the watercourse crossings, potential watercourse realignment, location of the development outside of flood zones 2 and 3 with the latest appropriate climate change allowances, and finished flood levels for all dwellings within the development.

Historic England

- 7.9 No comments. Views of your specialist conservation and archaeological advisors should be sought as relevant.

Natural England

- 7.10 The method of calculating the nutrient budget needs to be re-calculated. Provided that FBC are satisfied that the current land use as cereals is accurate and that the appropriate management of the public open space can be secured in perpetuity, NE have no further concern.
- 7.11 Solent Wader and Brent Goose network - it is advised the appropriate assessments for the above two applications set out further detail that demonstrates a clear link between the impact and the proposed mitigation, i.e. detail of how the financial contributions will be used to maintain and enhance the wider network within the Borough.
- 7.12 Solent Recreation Mitigation Contribution - Provided that the applicant complies with the policy, no objection. A contribution should be secured.
- 7.13 Measures to protect and enhance biodiversity on the site should be secured by condition.

Southern Water

- 7.14 Due to the potential odour nuisance from a Waste Water Treatment Works, no habitable development should be located within the 1.5 OdU odour contour of the WWTW. In determining the application, the Planning Authority should take into account the provisions of National Planning Policy Framework (NPPF) regarding the encroachment of development towards existing potentially polluting uses.
- 7.15 Recommend planning conditions to ensure details of the foul and surface water sewerage disposal are approved in consultation with Southern Water prior to commencement of development.

Gosport Borough Council

- 7.16 GBC raise an objection in the strongest possible on the following grounds:
- Encroachment into the Strategic Gap contrary to FBC Local Plan and loss of green infrastructure.
 - Potential to negate benefits of recent improvements to Newgate Lane East.
 - The site is poorly served by public transport and would be heavily car dependent, the use of which may adversely impact the Air Quality Management Area at the north end of Newgate Lane and Gosport Road.

INTERNAL

Ecology

- 7.17 The Ecology officer originally raised no objection subject to conditions relating to planning conditions relating to the Biodiversity Mitigation Plan and Ecological Assessment being implemented and retained and full details of all necessary ecological mitigation, compensation, enhancement and managements measures being submitted.
- 7.18 During the course of the application, information relating to a significant colony of Chamomile which is classed as Vulnerable on the vascular plant Red List for England was received. Ecologist has now confirmed that the western meadow has been designated as a SINC by the Hampshire Biodiversity Information Centre (HBIC). Lowland meadow habitat is also likely to be present. The Ecology officer is concerned that the ecological surveys of the site do not correctly reflect the site conditions.

Environmental Health (Odour)

- 7.19 Not permitting residential development within the 1.5 OdU odour contour is desirable. However, the submitted odour assessment meets current acceptable limits. No objection on the grounds of odour.

Environmental Health (Noise Pollution)

- 7.20 Details of acoustic mitigation will be required at the detailed design stage.

Contaminated Land Officer

- 7.21 No objection subject to planning condition.

Environmental Health (Air Quality)

- 7.22 No objection. Development should be designed to include the principles of good design in the Planning and Development Control: Planning for Air Quality (2017) including provision for electric vehicle charging points at the reserved matters stage.

Tree Officer

- 7.23 No objection subject to planning condition.

Affordable Housing Strategic Lead

- 7.24 The affordable housing should be provided on a tenure mix of 65:35 (Affordable/Social Rent to Intermediate). No objection if the affordable mix reflects local need to be secured via a s106.

8.0 *Planning Considerations*

- 8.1 The following matters represent the key material planning considerations which would need to be assessed to determine the suitability of the development proposal. The key issues comprise:

- a) Implication of Fareham's current 5-year housing land supply position;
- b) Residential development in the countryside;
- c) Impact on European Protected Sites;
- d) Policy DSP40;
- e) Other matters;
- f) The Planning balance.

a) Implications of Fareham's current 5-year housing land supply position

- 8.2 A report titled "Five-year housing land supply position" is reported elsewhere on this agenda. That report sets out this Council's local housing need along with this Council's current housing land supply position. The report concluded that this Council has 2.72 years of housing supply against the 5YHLS requirement meaning there is a shortage of 1,231 dwellings.
- 8.3 Officers accept that the Council cannot currently demonstrate a 5-year supply of deliverable housing sites.
- 8.4 The starting point for the determination of this planning application is section 38(6) of the Planning and Compulsory Purchase Act 2004:
- "If regard is to be had to the development plan for the purpose of any determination to be made under the Planning Acts the determination must be made in accordance with the plan unless material considerations indicate otherwise".*
- 8.5 In determining planning applications there is a presumption in favour of the policies of the extant Development Plan, unless material considerations indicate otherwise. Material considerations include the planning policies set out in the National Planning Policy Framework (NPPF).
- 8.6 Paragraph 59 of the NPPF seeks to significantly boost the supply of housing.
- 8.7 Paragraph 73 of the NPPF states that local planning authorities should identify a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement including a buffer. Where a local planning authority cannot do so, and when faced with applications involving the provision of housing, the policies of the local plan which are most important for determining the application are considered out-of-date.
- 8.8 Paragraph 11 of the NPPF then clarifies what is meant by the presumption in

favour of sustainable development for decision-taking, including where relevant policies are "out-of-date". It states:

“For decision-taking this means:

- a) Approving development proposals that accord with an up-to-date development plan without delay; or*
- b) Where there are no relevant development plan policies, or the policies which are most important for determining the application are out-of-date, granting planning permission unless:
 - i) The application of policies in this Framework that protect areas of assets of particular importance provides a clear reason for refusing the development proposed⁶; or*
 - ii) any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.”**

8.9 Footnote 6 to Paragraph 11 reads:

“The policies referred to are those in this Framework (rather than those in development plans) relating to: habitats sites (and those sites listed in paragraph 176) and/or designated as Sites of Special Scientific Interest; land designated as Green Belt, Local Green Space, an Area of Outstanding Natural Beauty, a National Park (or within the Broads Authority) or defined as Heritage Coast; irreplaceable habitats; designated heritage assets (and other heritage assets of archaeological interest referred to in footnote 63); and areas at risk of flooding or coastal change.”

8.10 A key judgement for Members therefore is whether the adverse impacts of granting planning permission would significantly and demonstrably outweigh the benefits, when assessed against the policies taken as a whole.

8.11 Members will be mindful of Paragraph 177 of the NPPF which states that:

“The presumption in favour of sustainable development does not apply where the plan or project is likely to have a significant effect on a habitats site (either alone or in combination with other plans or projects), unless an appropriate assessment has concluded that the plan or project will not adversely affect the integrity of the habitats site.”

8.12 The following sections of the report assesses the application proposals against national planning policy and this Council's adopted local planning policies and considers whether it complies with those policies or not. Following this Officers undertake the Planning Balance to weigh up the material considerations in this case.

- 8.13 In the absence of a five-year supply of deliverable housing sites, officers consider that policy DSP40 is the principal development plan policy that guides whether schemes will be considered acceptable.

b) Residential Development in the Countryside

- 8.14 Policy CS2 (Housing Provision) of the adopted Core Strategy states that priority should be given to the reuse of previously developed land within the urban areas. Policy CS6 (The Development Strategy) goes on to say that development will be permitted within the settlement boundaries. The site lies with an area which is outside of the defined urban settlement boundary. Policy CS14 of the Core Strategy states that:

“Built development on land outside the defined settlements will be strictly controlled to protect the countryside and coastline from development which would adversely affect its landscape character, appearance and function. Acceptable forms of development will include that essential for agriculture, forestry, horticulture and required infrastructure.”

- 8.15 Policy DSP6 of the Local Plan Part 2: Development Sites and Policies states –
- “There will be a presumption against new residential development outside of the defined urban settlement boundary (as identified on the Policies Map).”*
- 8.16 The site is clearly outside of the defined urban settlement boundary and the proposal does not comprise one of the acceptable forms of development listed in Policy CS14. The proposal is therefore contrary to Policies CS2, CS6, and CS14 of the adopted Core Strategy and Policy DSP6 of the adopted Local Plan Part 2: Development Sites and Policies Plan.

c) Impact on European Protected Sites

- 8.17 Core Strategy Policy CS4 sets out the strategic approach to Biodiversity in respect of sensitive European sites and mitigation impacts on air quality. Policy DSP13: Nature Conservation of the Local Plan Part 2 confirms the requirement to ensure that designated sites, sites of nature conservation value, protected and priority species populations and associated habitats are protected and where appropriate enhanced.
- 8.18 The Solent is internationally important for its wildlife. Each winter, it hosts over 90,000 waders and wildfowl including 10 per cent of the global population of Brent geese. These birds come from as far as Siberia to feed and roost before returning to their summer habitats to breed. There are also plants, habitats and

other animals within the Solent which are of both national and international importance.

- 8.19 In light of their importance, areas within the Solent have been specially designated under UK/European law. Amongst the most significant designations are Special Protection Areas (SPA) and Special Areas of Conservation (SAC). These are often referred to as 'European Protected Sites' (EPS).
- 8.20 Regulation 63 of the Habitats and Species Regulations 2017 provides that planning permission can only be granted by a 'competent authority' if it can be shown that the proposed development will either not have a likely significant effect on designated European sites or, if it will have a likely significant effect, that effect can be mitigated so that it will not result in an adverse effect on the integrity of the designated European sites. This is done following a process known as an Appropriate Assessment. The competent authority is responsible for carrying out this process, although they must consult with Natural England and have regard to their representations. The competent authority is either the local planning authority or the Planning Inspectorate, depending on who is determining the application. In this case, it is the Planning Inspectorate.
- 8.21 Natural England has highlighted that there is existing evidence of high levels of nitrogen and phosphorus in parts of The Solent with evidence of eutrophication. Natural England has further highlighted that increased levels of nitrates entering the Solent (because of increased amounts of wastewater from new dwellings) will have a likely significant effect upon the European Protected Site (EPS).
- 8.22 Achieving nutrient neutrality is one way to address the existing uncertainty surrounding the impact of new development on designated sites. Natural England have provided a methodology for calculating nutrient budgets and options for mitigation should this be necessary. The nutrient neutrality calculation includes key inputs and assumptions that are based on the best-available scientific evidence and research, however for each input there is a degree of uncertainty. Natural England advise local planning authorities to take a precautionary approach when addressing uncertainty and calculating nutrient budgets.
- 8.23 The applicant submitted a nitrate budget calculation based on Natural England's latest methodology dated March 2020. It will be for the Planning Inspector to undertake the Appropriate Assessment.
- 8.24 Officers have considered the current situation in order to be in a position to advise Members on the case that the Council should present to the Planning Inspector.

- 8.25 The calculation that the applicant has undertaken is based on an average household size of 2.4 persons in line with the latest Natural England guidance (March 2020). The appellant's calculation goes on to measure the total nitrogen load from the current land use, using an average of several farm types and then calculates the nitrogen load from future land uses (the proposed development). The appellant's calculation demonstrates that there will be a net decrease in Total Nitrogen output from the site when it is fully occupied and therefore no mitigation is required.
- 8.26 A series of aerial photographs have been submitted to demonstrate that the site has been cultivated for a number of years together with a letter from the farmer confirming that the site has been in crop production since at least 2009. A tenancy agreement has also been submitted, however as the accompanying plan cannot be located, no weight can be attached to this. Officers are satisfied however that sufficient evidence exists to substantiate the inputs used to calculate the existing nitrogen load. As the application is in outline with layout reserved for future determination, any reliance on the illustrative masterplan to identify the amount of open space / SANG, and therefore calculate the nitrogen budget for future uses, must be treated with caution. It would be necessary to ensure that a minimum of 1.27ha of open space / SANG could be secured as part of any reserved matters application in order to conclude that the development would not have a significant adverse effect on the EPS.
- 8.27 In addition to the impacts set out above, it is recognised that increasing the number of houses close to the Special Protection Areas could result in increased disturbance to over-wintering birds and have a likely significant effect. The Solent Recreation Mitigation Strategy has been developed to address this potential impact. Subject to the appropriate financial contribution being secured, Officers believe this likely significant effect can be satisfactorily mitigated.
- 8.28 The proposed development will result in the loss of part of a Solent Waders and Brent Good Strategy (SWBGS) Low Use site (F15). The level of mitigation and off-setting required is dependent on the importance of the site within the ecological network and how these non-designated sites support the wider designated Solent SPA network. All Low Use sites have the potential to be used by waders or brent geese and to support the existing network and provide alternative options and resilience for the future network.
- 8.29 In accordance with the SWBGS guidance on off-setting and mitigation requirements (Final Report, October 2018), proportionate mitigation is required for the loss of Low Use sites. Where impacts to Low Use sites cannot be avoided or adequately mitigated on-site, mitigation would comprise off-setting or enhancement measures via payment of £35,610 per hectare towards the management and enhancement of the wider waders and Brent geese ecological

network. The payment would need to be secured through a s106 agreement.

- 8.30 Natural England has made it clear that complete information is required to ensure that the proposal will not affect the integrity of the international sites, citing recent CJEU decisions. Further information is therefore required to demonstrate a clear link between the impact and the proposed mitigation i.e. detail of how the financial contributions will be used to maintain and enhance the wider network within the Borough. In the absence of this information, the Planning Inspectorate cannot reasonably conclude that the proposal will not adversely affect the integrity of the European site and therefore it is not in a position to lawfully grant consent for the project.

d) Policy DSP40 (Housing Allocations)

- 8.31 Policy DSP40: Housing Allocations, of Local Plan Part 2, states that:

"Where it can be demonstrated that the Council does not have a five year supply of land for housing against the requirements of the Core Strategy (excluding Welborne) additional housing sites, outside the urban area boundary, may be permitted where they meet all of the following criteria:

- i. The proposal is relative in scale to the demonstrated 5 year housing land supply shortfall;*
- ii. The proposal is sustainably located adjacent to, and well related to, the existing urban settlement boundaries, and can be well integrated with the neighbouring settlement;*
- iii. The proposal is sensitively designed to reflect the character of the neighbouring settlement and to minimise any adverse impact on the Countryside and, if relevant, the Strategic Gaps;*
- iv. It can be demonstrated that the proposal is deliverable in the short term; and*
- v. The proposal would not have any unacceptable environmental, amenity or traffic implications".*

- 8.32 Each of these five bullet points are considered in turn below:

Policy DSP40 (i)

- 8.33 The proposal for up to 115 dwellings is considered relative in scale to the current shortfall and therefore point (i) of Policy DSP40 is satisfied.

Policy DSP40 (ii)

- 8.34 The site lies within the designated open countryside approximately 118 metres at its closest point as the crow flies to settlement of Bridgemary within Gosport Borough. There is a clear physical and visual separation between the site and

the urban area of Gosport.

- 8.35 The land to the north of the application site is currently in agricultural use. The Newgate Lane East Relief Road is adjacent to the site to the east beyond which land is in agricultural use.
- 8.36 Hambrook Lodge adjoins the site to the north, and there is sporadic ribbon development along Newgate Lane and Woodcote Lane, to the south and west of the application site. As discussed previously, a separate application has been submitted for land immediately to the north of the application site for up to 75 dwellings.
- 8.37 The site is not considered to be well related to the existing urban settlement boundary and neither can it be well integrated with the neighbouring settlement.
- 8.38 It should be noted that the site to the east of the Newgate Lane East relief road has been included in the draft Fareham Local Plan (DFLP) for 475 dwellings (Site HA2 Newgate Lane South, Peel Common). Irrespective of whether this allocation is found sound at a future examination of the DFLP, policy DSP40(ii) requires the proposal to be well related to the 'existing' urban settlement boundary. The application site is some distance from the existing settlement boundary with opportunities for integration with Bridgemary hampered by the existence of the Newgate Lane East relief road.
- 8.39 The application must be considered on its merits and it cannot therefore be assumed that the development proposed immediately to the north of the application site will be approved.
- 8.40 The submitted Transport Assessment (TA) includes an 800m walking isochrone and a 2km cycling isochrone (see Figure 7). However, this is based on the two application sites being considered as one. For the reasons set out above, this is not appropriate, and the conclusions set out in the TA on accessibility cannot therefore be relied upon.
- 8.41 As part of the evidence base for the Fareham Local Plan 2036 a background paper was prepared on accessibility. This included accessibility standards for a number of facilities including schools, shops, GP surgeries etc. By way of example, the closest primary school, Peel Common Infant and Junior School, is approximately 750m from the centre of the application site which is within the accessibility standard of 800m. The shops at Tukes Avenue (at approximately 1000m) and Carisbrooke Precinct local centre (at approximately 1100m) are within the 1200m accessibility standard. The Bridgemary Medical Centre is approximately 1300m. The accessibility standard for a secondary school is 1200m and the distance to Bridgemary School is approximately 1.1km. Crofton

School is approximately 1.8km outside the accessibility standard.

- 8.42 The submitted TA states that the site is served by bus routes 21 and 21A between Stubbington and Fareham, which together provide a roughly hourly service from approximately 0700 to 1900 hours Monday to Friday and 0900 to 1400 hours on a Saturday.
- 8.43 It is accepted that the development is within a relatively close walking distance to a range of local services in Bridgemarky. However, the development is physically severed by Newgate Road East which is a significant constraint to sustainable movements east-west. The road comprises a 40mph 7.3m wide carriageway that is designed to reduce journey times and peak hour congestion between Fareham and Junction 11 of the M27 and the Gosport peninsula. It is not designed for pedestrians, being unlit for most of its length, and with no pavements except a very short stretch providing access to a bus stop on the respective sides of the carriageway at the crossing point between Woodcote Lane and Bookers Lane. There is a single informal, uncontrolled and narrow central refuse providing pedestrian and cycling access between Woodcote Lane and Bookers Lane to the south east of the proposed development.
- 8.44 The new road severely constrains sustainable, permeable movement patterns between the local services in Bridgemarky and the proposed development despite its relatively close juxtaposition. The Highway Authority advise that the Woodcote Lane and Bookers Lane informal crossing will need to be improved for the development to be acceptable, to be secured through a S106 agreement. However notwithstanding any improvement, the single pedestrian and cyclist crossing point will only provide a very limited sustainable means of access by foot or bicycle to the local services in Bridgemarky.
- 8.45 For this reason, the proposal fails to accord with Policy DSP40(ii). In addition the proposal is considered to be contrary to Policy CS5 (Transport Strategy and Infrastructure) of the adopted Fareham Borough Core Strategy which states that development will be permitted which “is designed and implemented to prioritise and encourage safe and reliable journeys by walking, cycling and public transport”, and Policy CS17 (High Quality Design) which expects development to “ensure permeable movement patterns and connections to local services, community facilities, jobs and shops”.

Policy DSP40(iii)

- 8.46 The third test of Policy DSP40(iii) is that the proposal is “sensitively designed to reflect the character of the neighbouring settlement and to minimise any adverse impact on the Countryside and, if relevant, the Strategic Gaps”. The application site is located within a Strategic Gap.

- 8.47 The area is identified within the Fareham Landscape Assessment (FLA) 2017 as part of the Woodcot/Alver Valley landscape character area (LLCA 8). The distinctive character of this area relies on its openness, its rural agricultural character and the absence of prominent urban features.
- 8.48 The landscape lacks any strong landform features or a mature framework of woodland that could potentially contain and provide a strong landscape edge to any major extension of built form into this area. There is very limited scope to accommodate development without a significant impact on the integrity of the area's rural, agricultural character and the role it performs in maintaining the separate identity and character of the settlements and their landscape settings.
- 8.49 Overall, the FLA concluded that area plays an important role in defining the edges, separate identity and settings of Fareham and Gosport and a critical role in preventing their coalescence. Given the area's designation as part of the Strategic Gap the area is highly sensitive to change.
- 8.50 Whilst the FLA was prepared before the construction of the Newgate Lane East relief road, it did consider the impact of the road on local landscape character, concluding that with the proposed mitigation, the road may not have an overwhelming urbanising effect across the area as a whole in the longer term. However, it noted that significant further development in addition to the road scheme would almost certainly have this effect, potentially tipping the balance towards a predominantly urban character.
- 8.51 The illustrative masterplan submitted as part of the application shows residential development occupying the vast majority of the site apart from a narrow strip along its western, immediately adjacent to Newgate Lane. Taken with the draft allocation HA2 referred to previously, and given the current application for land to the north the application site, this would mean that almost the entire gap between Bridgemary and Peel Common would be filled with development. The noise attenuation barriers associated with the construction of the Newgate Lane East relief road would prevent any actual physical coalescence, however the sense of separation would be lost as the housing on either side of the road would be perceived as part of a continuous settlement in views from the road and in particular by pedestrians and cyclists using the east-west access route along Woodcote/Brookers Lane. The separate identity of Peel Common (which has been strengthened by the closure of the southern end of Newgate Lane) would effectively be lost as it becomes linked to the expansion of Bridgemary across the gap.
- 8.52 Even if it were assumed that development was limited to the application site alone and the area to the north remained open, development would still lead to an unacceptable erosion of the gap between Bridgemary and Peel Common.

This would be exacerbated if the draft allocation HA2 proceeds to adoption.

- 8.53 The Applicant recently submitted a Strategic Landscape and Visual Appraisal (SLVA) of the Stubbington to Fareham Strategic Gap. It does not consider the merits or otherwise of specific development proposals or sites, rather its intention is to broadly consider the appropriateness and constraints in relation to potential development within the landscape.
- 8.54 The Applicant's SLVA takes into account proposals for a Strategic Growth Area South of Fareham as set out in the Council's supplement to the Draft Local Plan 2036 which was published for consultation in January 2020. This Strategic Growth Area overlaps with a large part of the Strategic Gap however the application site is not included within the draft Strategic Growth Area.
- 8.55 Due to the severance and disturbance caused by the construction of the Newgate Lane East relief road, and the consolidation of the settlement pattern as a result of implementation of the site allocated in the Draft Fareham Local Plan 2036 for 475 dwellings at Newgate Lane South (Site HA2), the applicants do not consider parcels 10 and 11 (which include the application site) should be included as priority areas of the strategic gap.
- 8.56 Given the early stage in the preparation of the Fareham Local Plan 2036, little weight should be attributed to any draft allocations and therefore as a consequence, to the conclusions of the Applicant's SLVA. The FLA concluded that there is very limited scope to accommodate development without a significant impact on the integrity of the area's character and the role it performs in maintaining the separate identity and character of the settlements and their landscape settings. For this reason, Officers consider that the proposed development would be contrary to Policy DSP40(iii).
- 8.57 Policy CS17 of the adopted Fareham Borough Core Strategy sets out a similar, but separate policy test that, amongst other things, "development will be designed to: respond positively to and be respectful of the key characteristics of the area, including heritage assets, landscape, scale, form, spaciousness and use of external materials". Core Strategy Policy CS14 meanwhile seeks to protect the landscape character, appearance and function of the countryside as explained earlier in this report.
- 8.58 Peel Common is distinctly different in character to a potentially expanded Bridgemary. The existing open countryside comprising part of the strategic gap not only maintains physical and visual separation with Bridgemary but also defines the setting of Peel Common as a separate settlement within the Woodcot/Alver landscape character area. The FLA identifies Peel Common as a low-density fringe and ribbon -development as distinct from the description of

Bridgemary in the Gosport Townscape Assessment (Hampshire County Council 2010) as a large, modern residential estate of medium to high density development. The density and building heights parameter plan submitted by the applicant, indicates that the proposed residential development would be akin to a large residential housing estate which is not considered to be sensitively designed to respect the character of Peel Common as required by Policy DSP(iii). This is particularly the case since the proposed development would be perceived to be more physically and visually related Peel Common than the expanded Bridgemary, given the severance effect of Newgate Road East to the east.

Policy DSP40 (iv)

- 8.59 In terms of delivery, the agent has advised that the site can deliver 25 dwellings by June 2022, with 40 dwellings per year thereafter with the 115th dwelling completed by September 2024. The proposal would therefore be in accordance with point iv) of policy DSP40.

Policy DSP40(v)

- 8.60 The final test of Policy DSP40: "The proposal would not have any unacceptable environmental, amenity or traffic implications" is discussed below.

Environmental

- 8.61 An Ecological Appraisal and surveys in respect of reptiles, amphibians, dormouse, invertebrates, bats, badgers, otter and water vole, breeding and wintering birds have been submitted.
- 8.62 An initial Phase 1 habitat survey was also carried out on 7th April 2018. The survey incorporated detailed assessment of the land within the development boundary, including a description and mapping of all key features and habitat types. The survey was carried out to identify the range of habitats within the site and the predominant and notable species of flora.
- 8.63 However, during the course of the application, the Ecologist received advice that a colony of Chamomile, which is classed as Vulnerable on the vascular plant Red List for England, may be present on the site which was raised with the applicant. The Ecological Assessment (September 2019) prepared by the applicant does not record the presence of this species.
- 8.64 The applicant has subsequently advised that limited further surveys were undertaken in September and October 2019 that did reveal extensive Chamomile growing in the area to the west of the site. However, that it has not been feasible to complete a full survey of the habitat due to its existing use for horse grazing. The full results of the survey have not been provided.

- 8.65 The Hampshire Biodiversity Information Centre (HBIC) has since identified the meadow to the west of the site as a 6A Site of Importance for Nature Conservation (SINC) in May 2020 based on the significant and extensive population of chamomile. It is also suspected that the site may support Lowland Meadow priority habitat, which would further qualify the site as a 2A or 2B SINC, should adequate survey evidence be available. SINC's are protected by Policy CS4 of the Core Strategy and Policy DSP13 of the Local Plan Part 2: Development Sites and Policies Plan.
- 8.66 The area to the west of the site is proposed for open space (including footpaths and a LEAP). This development together with the new access road proposed from Newgate Lane would transect the SINC north to south and east to west respectively.
- 8.67 The applicant has advised that in its opinion sufficient information is available to prepare management objectives to ensure that the land can function as both open space and retain its value as a BAP habitat and habitat for chamomile and that a supplementary 'Chamomile Management Plan' could be secured via condition.
- 8.68 Having regard to the Applicant's advice, the Ecology officer is concerned that the ecological survey of the site, as reported in the submitted Ecological Assessment September 2019 does not represent an up to date baseline record of the site conditions on which to determine the merits of the application. The limited site survey work that has been undertaken was undertaken at a suboptimal time of the year.
- 8.69 The Ecological Assessment (September 2019) has not been updated by the Applicant to reflect the more recent findings of the further ecological survey work that has been carried out and the high level recommendations for long term management of the site is not considered appropriate to maintain the conservation, restoration and enhancement of the conservation interests on the site in line with the policy advice in NPPF.
- 8.70 For these reasons and based on the advice from the Council's Ecologist, Officers consider the proposal is contrary to Policies CS4, and DSP13 of the adopted local plan. Insufficient baseline information is available properly assess the impact of the development on the Chamomile population and lowland meadow habitat, and/or any other priority habitat species that may be present on the site. In the absence of a full and accurate survey, there is no confidence impacts can be adequately mitigated and on this basis that a long term management strategy for the land west of the site cannot be agreed and secured to protect and enhance the biodiversity interests of the site.

- 8.71 It is considered that the lack of a full ecological survey is a material consideration in the determination of this application in as far as it is not possible to determine whether the illustrative masterplan provides a reasonable basis on which conclude the development of the nature and scale proposed by the applicant could be delivered without harm to the biodiversity interests on the site.
- 8.72 Policy CS16 seeks to prevent the loss of the best and most versatile agricultural land (Grades 1, 2 or 3a of the Natural England's Agricultural Land Classification System). The NPPF paragraph 170(b) recognises the economic and other benefits of the best and most versatile agricultural land.
- 8.73 The site is classified as mainly Grade 3b with a small area of Grade 3a around Hambrook Lodge which the applicant states is around 0.5 ha. In the context of the whole site (6.08ha), this qualitative and quantitative loss is not considered to be significant.
- 8.74 The site is bisected north to south by the River Alver. The indicative masterplan proposes that the area of the site to the west of the river which is located predominantly in Flood Zone 3 (where residential development should not be permitted) is used as open space. All residential development is proposed to be located on the land to the east of the River which is located predominantly in Flood Zone 1 where such land uses are considered appropriate in line with NPPF and its accompanying guidance. On this basis, the Environment Agency raises no objection to the principle of development subject to conditions. For this reason, Officers consider the proposal is in accordance with the NPPF and Policy CS15.

Amenity

- 8.75 Matters of scale, appearance and layout are reserved for consideration at the future reserved matters application stage. It is at that stage that the detailed consideration of these issues would need to comply with policy CS17 and the adopted design guidance SPD to ensure appropriate amenity standards. Officers are satisfied that there is sufficient flexibility and control in the description of up to 115 units that this can be satisfactorily addressed to ensure that the proposal would be policy compliant.
- 8.76 The applicant has submitted various technical reports in support of the proposal including an air quality assessment, road traffic noise assessment and odour assessment. The advice received from the Council's Environmental Health team is that, subject to planning conditions being imposed, there are no concerns over the outline proposals either in terms of the likely impact on future residents or from the development itself.

- 8.77 In respect of noise, mitigation will be required to achieve acceptable internal and outdoor acoustic conditions for residential purposes across the site, in particular properties on the east side of the proposed development in close proximity to Newgate Road East. Appropriate noise mitigation measures including as appropriate acoustic screening (earth bunding or acoustic barriers); careful orientation of buildings and design of internal layouts; and the need for sound insulation and acoustic glazing can be secured at the reserve matters stage.
- 8.78 In respect of odour, the proposed development is located to the east of the Peel Common Waste Water Treatment Works. There is a buffer of 175m between the proposed development site boundary and the WwTW boundary, and over 400m between the closest sensitive residential receptor.
- 8.79 The applicant has carried out an odour assessment. The detailed dispersion modelling, based on a worst case, concludes that the closest proposed residential development is below the 30uE/m³ benchmark. The advice of the Environmental Health Officer is that this level is within current acceptable standards and no objection is raised to the development.

Highways

- 8.80 Hampshire County Council, the highway authority, has provided detailed comments on this application and recommends that the application be refused.
- 8.81 The applicant has only submitted information on the cumulative highway impact of development proposed as a result of this application together with that to the north (P/18/1118/OA). The highway authority has therefore only been able to comment on the submitted information and cannot determine the impact of this development in isolation. The application cannot therefore be assessed by Officers on its individual merits. This is a significant omission and a matter that was brought to the applicant's attention prior to the submission of the appeal.
- 8.82 A single point of access to the site from old Newgate Lane is proposed to serve the proposed development. The Highway Authority is satisfied that the junction will operate acceptably in capacity terms, however the design of the site access is inadequate on highway safety grounds as articulated vehicles would overrun the centre line of both Old Newgate Lane and the site access.
- 8.83 A separate single point of access is proposed onto Newgate Lane to serve the proposed development (Application P/18/1118/OA) on land to the north. There is no through vehicular route between the two sites shown on the respective masterplans. Whilst two vehicular accesses are acceptable to the Highway Authority in the short term should both sites come forward for development, the Highway Authority would wish to see the proposed access to this application

site downgraded to a pedestrian/cycle/ emergency access point only. Notwithstanding the substantive reasons for refusal on highway grounds, Officers advise that this matter could be satisfactorily controlled via planning condition if both developments were to be granted planning permission.

- 8.84 The Highway Authority accept that the provision of cycling and walking facilities and access to sustainable transport are generally of an acceptable standard subject to highway contributions towards bus services, crossing improvements at Woodcote Lane/Brookers Lane and improvements to routes to school. These would need to be secured through a s106 agreement.
- 8.85 Off-site works would be required to improve the vehicular junction of Old Newgate Lane and Newgate Lane East to accommodate the development traffic. Based on the information submitted by the applicant, the Highway Authority are not satisfied that the development traffic can be accommodated adequately on the highway network without detriment to highway safety at the junction of Old Newgate Lane and Newgate Lane East.
- 8.86 In terms of the wider highway network, the Highway Authority advise that the forecast cumulative impact of development traffic at the Speedfields Park roundabout and HMS Collingwood signalised junction, the Peel Common signalised roundabout and the Newgate Lane East/Longfield Avenue/Davis Way roundabout is considered acceptable.
- 8.87 The Highway Authority comments are set out in summary in the consultation section of this report. There are a number of outstanding issues that need to be addressed and as such a recommendation of refusal has been made on the grounds that the proposed access is inadequate to accommodate the development safely resulting in an unacceptable impact on the safety of users of the development and adjoining highway, that there would be an unacceptable impact on the junction of old Newgate Lane/Newgate Lane East and due to lack of an acceptable Travel Plan and no agreement of sustainable transport contributions contrary to the NPPF and Local Plan Policy CS5.
- 8.88 Gosport Borough Council have also raised concern over the potential for the development to negate the benefits of the improvements at Newgate Lane with a negative impact on traffic flows and increased congestion to the detriment of Gosport residents and the local economy including accessibility to the Solent EZ at Daedalus.
- 8.89 In light of the above analysis Officers consider that the proposal would have unacceptable environmental and traffic implications contrary to criteria (v) of DSP40.

e) Other Matters

Affordable Housing

- 8.90 The proposal includes the provision of 40% affordable housing. Subject to appropriate size, mix and tenure being agreed to meet the identified local need to comply with Policy CS18, officers consider this acceptable and appropriate to secure via a Section 106 legal agreement.

Open Space, Play Provision, Green Infrastructure and Connectivity

- 8.91 On site open space is proposed and is shown illustratively on the submitted plans. As part of a Section 106 legal agreement, it is considered appropriate to secure a plan to accompany the agreement to ensure that an area of open space is provided between the River Alver and Newgate Lane. This is to secure green infrastructure and vehicular, pedestrian and cycle connectivity.
- 8.92 In respect of play provision and in accordance with the Council's adopted Planning Obligation SPD, the proposed number of units would require the provision of a Locally Equipped Area of Plan (LEAP). This could be secured via a Section 106 legal agreement.

Effect upon Local Infrastructure

- 8.93 Concerns have been raised over the effect of the number of dwellings on schools, doctors and other services in the area.
- 8.94 Hampshire County Council have identified a need to increase the number of primary and secondary school places within the area to meet needs generated by the development. A financial contribution can be secured through the Section 106 legal agreement.
- 8.95 The difficulty in obtaining doctor's appointments and dental services is an issue regularly raised in respect of new housing proposals. It is ultimately for the health providers to decide how they deliver their services. A refusal on these grounds would not be substantiated.
- 8.96 The Lead Flood Authority are content with the general principles for the surface water drainage proposals.

f) The Planning Balance

- 8.97 Section 38(6) of the Planning and Compulsory Purchase Act 2004 sets out the starting point for the determination of planning applications:

"If regard is to be had to the development plan for the purpose of any determination to be made under the Planning Acts the determination must be

made in accordance with the plan unless material considerations indicate otherwise".

8.98 As set out above, the effect of Paragraph 177 of the NPPF is that:

"The presumption in favour of sustainable development does not apply where the plan or project is likely to have a significant effect on a habitats site (either alone or in combination with other plans or projects), unless an appropriate assessment has concluded that the plan or project will not adversely affect the integrity of the habitats site".

8.99 In this instance Officers have identified likely significant effects on a habitats site. Officers acknowledge that likely significant effects could be addressed by securing a payment towards the SRMS to mitigate the impact of recreational disturbance. However, appropriate mitigation for the loss of a low use Brent geese and waders site has yet to be defined and therefore it cannot be concluded that there will not be an adverse effect on the integrity of a EPS.

8.100 In light of the overriding reasons for refusal Officers have not undertaken an Appropriate Assessment. Accordingly the presumption in favour of sustainable development set out at Paragraph 11 of the NPPF does not apply.

8.101 The site is outside of the defined urban settlement boundary and the proposal does not relate to agriculture, forestry, horticulture and required infrastructure. The principle of the proposed development of the site would be contrary to Policies CS2, CS6 and CS14 of the Core Strategy and Policy DSP6 of Local Plan Part 2: Development Sites and Policies Plan.

8.102 Officers have carefully assessed the proposals against Policy DSP40: Housing Allocations which is engaged as this Council cannot demonstrate a 5YHLS. Officers have also given due regard to the updated 5YHLS position report presented to the Planning Committee elsewhere on this agenda and the Government steer in respect of housing delivery.

8.103 In weighing up the material considerations and conflict between policies; the development of a greenfield site weighted against Policy DSP40, Officers have concluded that the proposal is relative in scale to the demonstrated 5YHLS fulfilling the first test of the policy, however it is not well related to the existing urban settlement boundaries such that it can be integrated with those settlements, failing the second test of DSP40.

8.104 The site is located within the Strategic Gap and is not sensitively designed to reflect the area's existing character whilst minimising any adverse impact on the countryside. The FLA concluded that there is very limited scope to

accommodate development without a significant impact on the integrity of the area's character and the role it performs in maintaining the separate identity and character of the settlements and their landscape settings. For this reason, Officers consider that the proposed development would be contrary to Policy DSP40(iii).

- 8.105 Officers also consider that the proposal would be contrary to Policy DSP40(v). In the absence of a full and accurate ecological survey, there is no confidence that a long term management strategy for the land west of the site can be secured to protect and enhance the biodiversity interests of the site which includes a substantial population of Chamomile.
- 8.106 Officers are satisfied that there are no outstanding amenity issues which cannot otherwise be addressed through planning conditions and obligations, notwithstanding that Southern Water have raised concerns regarding the proximity of the site to the Peel Common WWTW. There would be however be an unacceptable environmental impact through the loss of a Low Use site for Brent geese and waders, for which there is currently no detailed proposals for mitigation. The proposals would also have an unacceptable impact on highway safety. The application is therefore contrary to the fifth test of DSP40.
- 8.107 Affordable housing as 40% of the units, along with the delivery of onsite open space, and play provision can be secured through a planning obligation. The section 106 planning obligation could also secure an education contribution.
- 8.108 In balancing the objectives of adopted policy which seeks to restrict development within the countryside and strategic gap alongside the shortage in housing supply, Officers acknowledge that the proposal could deliver up to 115 dwellings, including affordable housing, in the short term. The contribution the proposed scheme would make towards boosting the Borough's housing supply is a substantial material consideration, in the light of this Council's current 5YHLS.
- 8.109 The conflict with development plan policy CS4,CS14, CS22 and DSP13, would ordinarily result in this proposal being considered unacceptable. However, in light of the Council's lack of a five-year housing land supply, development plan policy DSP40 is engaged and Officers have considered the scheme against the criterion therein. The scheme is not considered to satisfy the five criteria and in the circumstances, officers consider that the benefits of granting planning permission would not outweigh the harm identified above.
- 8.110 In light of this assessment, and taking into account all other material planning considerations, Officers recommend that planning permission should not be granted for this application. A recommendation for refusal is set out below at

paragraph 9.1.

- 8.111 This balancing exercise has been made under Section 38(6) of the 2004 Act as set out above, however if the likely significant effects of the development on habitats sites had been addressed and an Appropriate Assessment had concluded no adverse effects on the integrity of the habitats sites, the presumption in favour of sustainable development, as set out in NPPF paragraph 11, would apply. However, as it stands, the proposal does not accord with the development plan and the report above has shown how the proposal is contrary to the NPPF in that it fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites arising as a result of the loss of a Low Use site for Brent geese and waders, which provide a clear reason for refusing the development.
- 8.112 Finally, even if those reasons for refusal were not in place, Officers consider that the adverse impacts of granting planning permission would significantly and demonstrably outweigh the benefits when assessed against the policies of the NPPF taken as a whole.
- 8.113 Members are invited to confirm that had they had the opportunity to determine the application they would have REFUSED it for the following reasons:

9.0 ***Recommendation***

- 9.1 The development is contrary to Policies CS2, CS4, CS5, CS6, CS14, CS15, CS17 and CS22 of the Adopted Fareham Borough Core Strategy 2011 and Policies DSP6, DSP13 & DSP40 of the Adopted Local Plan Part 2: Development Site and Policies Plan, paragraphs 103, 109 and 110 of the NPPF and is unacceptable in that: and is unacceptable in that:
- a) The provision of residential development in this location would be contrary to adopted Local Plan policies which seek to prevent additional residential development in the countryside;
 - b) The proposed development fails to respond positively to and be respectful of the key characteristics of the area and would be harmful to the character and appearance of the countryside;
 - c) The provision of development in this location would significantly affect the integrity of the strategic gap and the physical and visual separation of settlements;
 - d) The application site is not sustainably located adjacent to, well related to or well integrated with the existing urban settlement boundaries;

- e) Insufficient information has been submitted to adequately assess the highways impacts arising from the proposed development;
- f) The proposed access is inadequate to accommodate the development safely;
- g) The proposed development would have an unacceptable impact on the junction of old Newgate Lane / Newgate Lane East resulting in a severe impact on the road safety and operation of the local transport network;
- h) The proposed development provides insufficient support for sustainable transport options;
- i) The proposal provides insufficient information to protect and enhance the biodiversity interests of the site which includes a substantial population of Chamomile;
- j) In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which, in combination with other developments, would arise due to the impacts of recreational disturbance;
- k) In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which, in combination with other developments, would arise as a result of the loss of a Low Use site for Brent geese and waders;
- l) In the absence of a legal agreement to secure contributions to open space and facilities and their associated management and maintenance, the recreational needs of residents of the proposed development would not be met;
- m) In the absence of a legal agreement to secure contributions to education, the needs of residents of the proposed development would not be met;
- n) In the absence of a legal agreement to secure the submission and implementation of a full Travel Plan, payment of the Travel Plan approval and monitoring fees and the provision of a surety mechanism to ensure implementation of the Travel Plan, the proposed development would not make the necessary provision to

ensure measures are in place to assist in reducing the dependency on the use of the private motorcar.

Note for information:

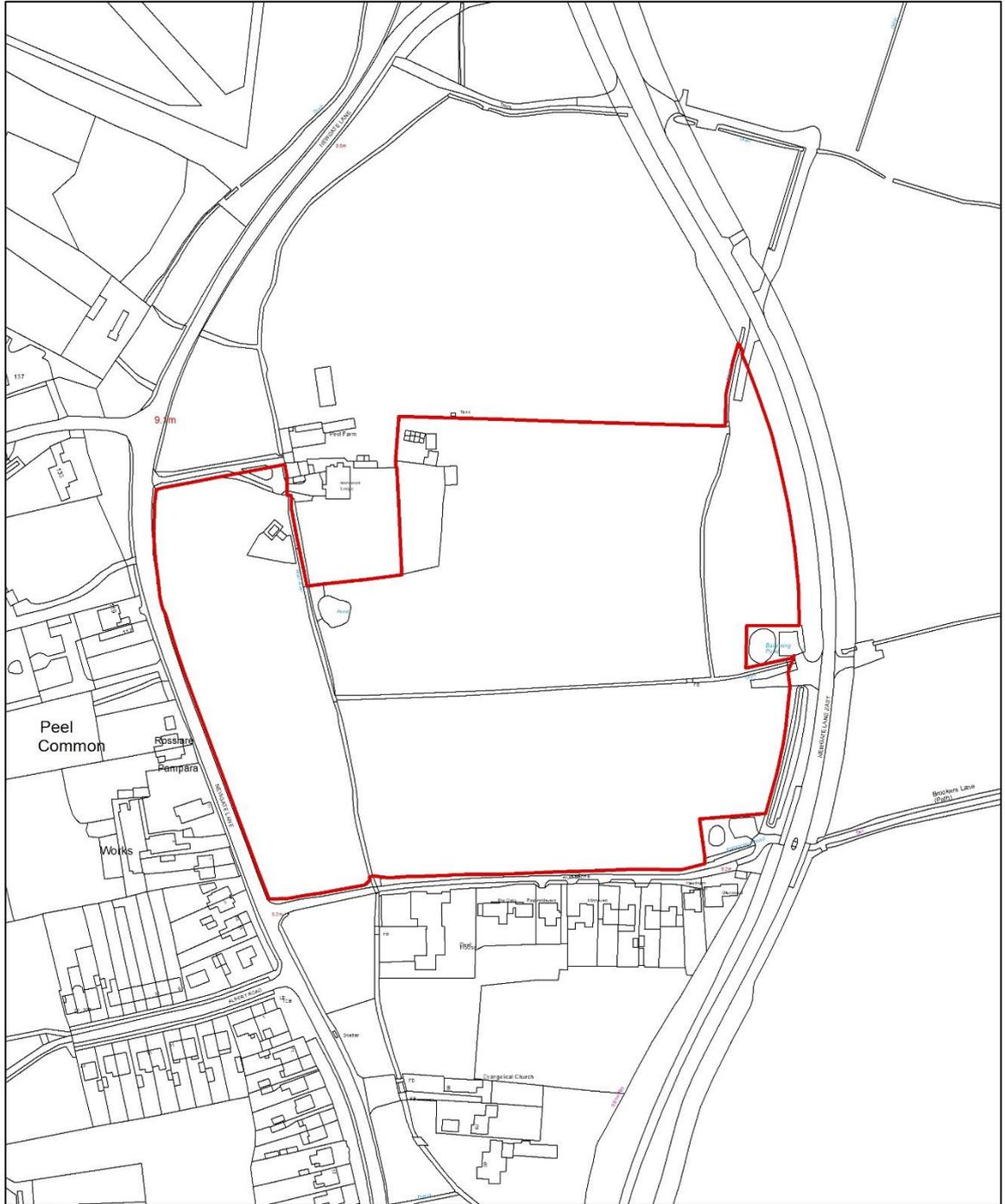
Had it not been for the overriding reasons for refusal to the proposal, and had the Local Planning Authority been in a position to determine the application, the Local Planning Authority would have sought to address points j) - n) above by inviting the applicant to enter into a legal agreement with Fareham Borough Council under Section 106 of the Town & Country Planning Act 1990.

10.0 Background Papers

P/19/0460/OA

FAREHAM

BOROUGH COUNCIL



Land at Newgate Lane (South)

Scale 1:2,500

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**SUPPLEMENTARY AGENDA
PLANNING COMMITTEE**

Date: Wednesday, 24 June 2020

Time: 1.00 pm

Venue: Teams Virtual Meeting

7. Planning applications and Miscellaneous Matters including an update on Planning Appeals

To consider a report by the Director of Planning and Regeneration on development control matters, including information regarding new planning appeals and decisions.

(8) UPDATE REPORT (Pages 1 - 14)



P GRIMWOOD
Chief Executive Officer
Civic Offices
www.fareham.gov.uk
23 June 2020

**For further information please contact:
Democratic Services, Civic Offices, Fareham, PO16 7AZ
Tel:01329 236100
democraticservices@fareham.gov.uk**

UPDATES

for Committee Meeting to be held on 24th June 2020

Five Year Housing Land Supply

Following the publication of this report, Officers have been made aware of a recent legal case involving East Northamptonshire Council (ENC), the Secretary of State for Housing, Communities and Local Government (SOS) and Lourett Developments Ltd.

ENC commenced legal action against the SOS for allowing a planning appeal at Thrapston in Northamptonshire. The case related to the Planning Inspector's decision to treat the definition of 'deliverable' within the Glossary of the NPPF as a 'closed list'.

The SOS conceded that he erred in his interpretation of the definition of deliverable within the glossary of the National Planning Policy Framework ("NPPF") as a 'closed list'. The proper interpretation of the definition is that any site which can be shown to be 'available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years' will meet the definition; and that the examples given in categories (a) and (b) are not exhaustive of all the categories of site which are capable of meeting that definition. Whether a site does or does not meet the definition is a matter of planning judgment on the evidence available. The SOS considered that it was appropriate for the Court to make an Order quashing the decisions and remitting the appeal to be determined anew. The Court duly issued an order to this effect.

In light of the position taken by the SOS, it is reasonable to assume that Planning Inspectors will now follow the approach advocated in this case. In turn, it is appropriate for the 5 Year Housing Land Supply Report to be updated to reflect the most recent position of the SOS in respect of the definition of 'deliverable'.

The following changes are therefore made to the published report:

Introduction

Paragraph 5 should be deleted in its entirety.

Paragraph 6 should be substituted with the following:

Calculation of the Council's 5-Year Housing Land Supply Position based on an annual dwelling requirement of 514 and a 5% buffer gives a projected position of 4.03 years.

Paragraph 25 as currently written, should be deleted from the report and replaced with the following:

As highlighted at Paragraph 18, many Planning Inspectors have regarded the definition within the National Planning Policy Framework as a 'closed list' i.e. if a site does fall within the

definitions at a) or b), set out within paragraph 12 of this report, it should not be included within the Council's 5 Year Housing Land Supply. In the recent case of East Northamptonshire Council, the Secretary of State for Housing, Communities and Local Government (SOS) and Lourett Developments Ltd, the SOS conceded that he erred in his interpretation of the definition of deliverable within the glossary of the National Planning Policy Framework ("NPPF") as a 'closed list'. The proper interpretation of the definition is that any site which can be shown to be 'available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years' will meet the definition; and that the examples given in categories (a) and (b) are not exhaustive of all the categories of site which are capable of meeting that definition. Whether a site does or does not meet the definition is a matter of planning judgment on the evidence available. On this basis planning applications with a resolution to grant planning permission are included within the Council's 5 year housing land supply. In light of the current market conditions, Officers have applied a precautionary approach to the commencement of development in respect of those sites with a resolution to grant. For detailed planning permissions this means that Officers have put the commencement of development as falling within 2021/22, and outline planning permissions being implemented during 2022/23.

In paragraph 34, insert a further bullet point:

- Dwellings with a Resolution to Grant Planning Permission that are expected to be built by 30th March 2025

FIVE-YEAR HOUSING LAND SUPPLY POSITION

The table within the current report should be deleted and replaced with the following:

The following table provides a summary of the Council's current 5YHLS position as per the date of this paper.

HOUSING REQUIREMENT		
A	Local Housing Need: Dwellings per annum 2019-36	514
B	Local Housing Need: Total requirement for 1 st April 2020 to 30 th March 2025 (A x 5)	2,570
C	5% buffer to ensure choice and competition in the market for land (B x 5%)	129
D	Total housing requirement for period from 1st April 2020 to 30th March 2025 (B+C)	2,699
E	Annual requirement for period from 1st April 2020 to 30th March 2025 (D/5)	540
HOUSING SUPPLY		
F	Net outstanding planning permissions for small sites (1-4 units) expected to be built by 30th March 2025 (discounted by 10% for lapses)	155
G	Net outstanding full planning permissions for large sites (5 or more units) expected to be built by 30th March 2025	371
H	Net outstanding outline planning permissions for large sites (5 or more units) expected to be built by 30th March 2025	99
I	Dwellings with a Resolution to Grant Planning Permission that are expected to be built by 30th March 2025	709
J	Dwellings allocated in Adopted Local Plan (LP2) that are expected to be built by 30th March 2025	624
K	Dwellings from emerging brownfield sites (Adopted Local Plan - LP1 & LP2) that are expected to be built by 30th March 2025	145
L	Small site windfall allowance (years 4 – 5) (37 dwellings x 2 years)	74
M	Expected housing supply for the period from 1st April 2020 to 30th March 2025 (F+G+H+I+J+K+L)	2,177
N	Housing Land Supply Position over period from 1st April 2020 to 30th March 2025 (M – D)	-522
O	Housing Supply in Years (M / E)	4.03

DETAILS OF PROJECTED HOUSING SUPPLY FOR THE 5-YEAR PERIOD (1ST APRIL 2020 – 31ST MARCH 2025)

The table within the current report should be deleted and replaced with the following:

Site Address	2020/21	2021/22	2022/23	2023/24	2024/25	Totals
Outstanding Planning Permissions - Small (1-4 dwellings) (10% discount)						
Total across Borough	50	50	55			
						155
Outstanding Full Planning Permissions - Large (5+ dwellings)						
3-33 West Street, Portchester (07/0042/FP)		16				
New Park Garage, Station Road, Park Gate (09/0672/FP)	14					
100 Wickham Road, Fareham (14/1252/FP)			13			
Swanwick Marina, Bridge Road (15/0424/VC)			25	25		
4-14 Botley Road, Park Gate (16/0295/FP)	23					
Land to rear of 184 Bridge Road (P/17/0697/FP)	3					
1 Station Industrial Park, Duncan Road, Park Gate (P/17/1219/PC)			15			
Willows End, 312 Old Swanwick Lane (P17/1390/FP)		6				
Cranleigh Road, Portchester (Appeal allowed, reserved matters application P/17/1170/RM)		37				
Wykeham House School (P/17/0147/FP)	15					
Hampshire Rose, Highlands Road, Fareham (P/17/0956/FP)	17					

HA3 Southampton Road (Land at Segensworth Roundabout) (P/18/0897/FP)		41				
123 Barnes Lane, Sarisbury Green (P/18/0690/FP)				41		
Land to south of Rookery Avenue, Swanwick (P/18/0235/FP)			6			
94 Botley Road, Park Gate (19/0321/PC)			8			
24 West Street, Fareham (19/0654/PC)			7			
Land North of Funtley Road, Funtley (P/17/1135/OA) (P/19/0864/RM)	10	17				
42 Botley Road (P/19/1275/PC) Prior Approval Granted		5				
Stubbington Lane, Hill Head (LP2 H12)		11				
Corner of Station Road, Portchester (LP2 H20)		16				
Sub-total						371
Outstanding Outline Planning Permissions - Large (5+ dwellings)						
Land to the East of Brook Lane & South of Brookside Drive, Warsash - Taylor Wimpey (P/16/1049/OA)		50	35			
Former Scout Hut Coldeast Way Sarisbury Green (P/17/1420/OA)			7			
Land to East of Bye Road (self/custom build) (P/17/1317/OA)			4	3		
Sub-total						99
Resolution to Grant Planning Permission - Large (5+ dwellings)						
Land at Brook Lane, Warsash - Foreman Homes (P/17/0845/OA)			40	70	70	
Land East of Brook Lane (South), Warsash – Bargate Homes (P/17/0752/OA)			20	40	40	
Land South of Greenaway Lane, Warsash - Land & Partners (P/17/0998/OA)			25	60	60	

East & West of 79 Greenaway Lane, Warsash (P/18/0107/OA)			15	9		
East & West of 79 Greenaway Lane, Warsash (P/18/0884/FP)		6				
Land South of Funtley Road, Funtley (P/18/0067/OA)			15	30	10	
Land South West of Sovereign Crescent, Locks Heath (P/18/0484/FP)		24	14			
Moraunt Drive, Portchester (P/18/0654/FP)		16	32			
Southampton Road (Reside) (P/18/0068/OA)			35	50	20	
Egmont Nurseries, Brook Avenue (P/18/0592/OA)			8			
Sub-total						709
Local Plan Policy Compliant Brownfield Sites						
Warsash Maritime Academy				50	50	
Fareham Magistrates Court				45		
Sub-total						145
Local Plan Adopted Housing Allocations						
Wynton Way, Fareham (LP2 H3)			10			
335-337 Gosport Road, Fareham (LP2 H4)				8		
East of Raley Road, Locks Heath (north) (LP2 H6)				20	30	
33 Lodge Road, Locks Heath (LP2 H10)					10	
Land off Church Road				26		
Heath Road, Locks Heath – Hampshire County Council (LP2 H11) (P/17/1366/OA)				35	35	
Welborne (LP3)			30	180	240	

	Sub-total						624
Windfall							
Small (1-4 dwellings)					37	37	
	Sub-total						74
	Total						2,177

UPDATES

for Committee Meeting to be held on 24th June 2020

ALL ZONES

(1) P/18/1118/OA - STUBBINGTON

Land at Newgate Lane (North), Fareham

The update to the Five Year Housing Land Supply report is included above. As a result of that update, Members are advised that references in the Officer report in relation to Land at Newgate Lane North to the current 5YHLS being 2.72 years should be replaced with the figure of 4.03 years.

The recommendation at section 9 of the report is revised as follows to include policies omitted from the original recommendation, revised wording in relation to reason for refusal j) and an additional reason for refusal related to the lack of affordable housing provision (now reason for refusal n).

REFUSE PERMISSION for the following reasons:

The development is contrary to Policies CS2, CS4, CS5, CS6, CS14, CS15, CS16, CS17, CS18, CS20, CS21 and CS22 of the Adopted Fareham Borough Core Strategy 2011 and Policies DSP6, DSP13, DSP14, DSP15 & DSP40 of the Adopted Local Plan Part 2: Development Site and Policies Plan, paragraphs 103, 109, 110 and 175 of the NPPF and is unacceptable in that:

- a) The provision of residential development in this location would be contrary to adopted Local Plan policies which seek to prevent additional residential development in the countryside;*
- b) The proposed development fails to respond positively to and be respectful of the key characteristics of the area and would be harmful to the character and appearance of the countryside;*
- c) The provision of development in this location would significantly affect the integrity of the strategic gap and the physical and visual separation of settlements;*
- d) The application site is not sustainably located adjacent to, well related to or well-integrated with the existing urban settlement boundaries;*
- e) The proposal would result in the loss of best and most versatile agricultural land;*

- f) *Insufficient information has been submitted to adequately assess the highways impacts arising from the proposed development;*
- g) *The proposed access is inadequate to accommodate the development safely;*
- h) *The proposed development would have an unacceptable impact on the junction of old Newgate Lane / Newgate Lane East resulting in a severe impact on the road safety and operation of the local transport network;*
- i) *The proposed development provides insufficient support for sustainable transport options;*
- j) *In the absence of appropriate mitigation for the loss of a low use Brent geese and wader site and in the absence of a legal agreement to appropriately secure such mitigation, the proposal would have a likely adverse effect on the integrity of European Protected Sites;*
- k) *In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which, in combination with other developments, would arise due to the impacts of recreational disturbance.*
- l) *In the absence of a legal agreement to secure contributions to open space and facilities and their associated management and maintenance, the recreational needs of residents of the proposed development would not be met;*
- m) *In the absence of a legal agreement to secure contributions to education, the needs of residents of the proposed development would not be met;*
- n) *In the absence of a legal agreement to secure the on-site provision of affordable housing, the housing needs of the local population would not be met;*
- o) *In the absence of a legal agreement to secure the submission and implementation of a full Travel Plan, payment of the Travel Plan approval and monitoring fees and the provision of a surety mechanism to ensure implementation of the Travel Plan, the proposed development would not make the necessary provision to ensure measures are in place to assist in reducing the dependency on the use of the private motorcar;*

Note for information:

Had it not been for the overriding reasons for refusal to the proposal, the Local Planning Authority would have sought to address points k - o) above by inviting the applicant to enter into a legal agreement with Fareham Borough Council under Section 106 of the Town & Country Planning Act 1990.

(2) P/19/0460/OA - STUBBINGTON

Land at Newgate Lane (South), Fareham

The update to the Five Year Housing Land Supply report is included above. As a result of that update, Members are advised that references in the Officer report in relation to Land at Newgate Lane South to the current 5YHLS being 2.72 years should be replaced with the figure of 4.03 years.

The recommendation at section 9 of the report is revised as follows to include policies omitted from the original recommendation, revised wording in relation to reason for refusal j) and an additional reason for refusal related to the lack of affordable housing provision (now reason for refusal n).

REFUSE PLANNING PERMISSION, for the following reasons:

The development is contrary to Policies CS2, CS4, CS5, CS6, CS14, CS15, CS17, CS18, CS20, CS21 and CS22 of the Adopted Fareham Borough Core Strategy 2011 and Policies DSP6, DSP13, DSP14, DSP15 & DSP40 of the Adopted Local Plan Part 2: Development Site and Policies Plan, paragraphs 103, 109, 110 and 175 of the NPPF and is unacceptable in that:

- a) The provision of residential development in this location would be contrary to adopted Local Plan policies which seek to prevent additional residential development in the countryside;*
- b) The proposed development fails to respond positively to and be respectful of the key characteristics of the area and would be harmful to the character and appearance of the countryside;*
- c) The provision of development in this location would significantly affect the integrity of the strategic gap and the physical and visual separation of settlements;*
- d) The application site is not sustainably located adjacent to, well related to or well-integrated with the existing urban settlement boundaries;*
- e) Insufficient information has been submitted to adequately assess the highways impacts arising from the proposed development;*
- f) The proposed access is inadequate to accommodate the*

development safely;

- g) The proposed development would have an unacceptable impact on the junction of old Newgate Lane / Newgate Lane East resulting in a severe impact on the road safety and operation of the local transport network;*
- h) The proposed development provides insufficient support for sustainable transport options;*
- i) The proposal provides insufficient information to protect and enhance the biodiversity interests of the site which includes a substantial population of Chamomile;*
- j) In the absence of appropriate mitigation for the loss of a low use Brent geese and wader site and in the absence of a legal agreement to appropriately secure such mitigation, the proposal would have a likely adverse effect on the integrity of European Protected Sites;*
- k) In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which, in combination with other developments, would arise due to the impacts of recreational disturbance;*
- l) In the absence of a legal agreement to secure contributions to open space and facilities and their associated management and maintenance, the recreational needs of residents of the proposed development would not be met;*
- m) In the absence of a legal agreement to secure contributions to education, the needs of residents of the proposed development would not be met;*
- n) In the absence of a legal agreement to secure the on-site provision of affordable housing, the housing needs of the local population would not be met;*
- o) In the absence of a legal agreement to secure the submission and implementation of a full Travel Plan, payment of the Travel Plan approval and monitoring fees and the provision of a surety mechanism to ensure implementation of the Travel Plan, the proposed development would not make the necessary provision to ensure measures are in place to assist in reducing the dependency on the use of the private motorcar.*

Note for information:

Had it not been for the overriding reasons for refusal to the proposal, the Local Planning Authority would have sought to address points k) - o) above by inviting the applicant to enter into a legal agreement with Fareham Borough Council under Section 106 of the Town & Country Planning Act 1990

(4) P/19/1193/OA - TITCHFIELD

Land east of Posbrook Lane, Titchfield

The update to the Five Year Housing Land Supply report is included above. As a result of that update, Members are advised that references in the Officer report in relation to East of Posbrook Lane to the current 5YHLS being 2.72 years should be replaced with the figure of 4.03 years.

Since the publication of the committee agenda the Council has been notified that a non-determination appeal has been lodged with the Planning Inspectorate. That being the case, Members of the Planning Committee are no longer able to determine the application. Instead, Members are asked to confirm that had they had the opportunity to determine the application they would have REFUSED it for the reasons set out at section 9 of the Officer report.

(5) P/18/0884/FP - Warsash

Land Adj. 79 Greenaway Lane

5 Year housing land supply

Paragraph 8.4 The 5-year housing land supply has been updated to 4.03 years

Measures to be secured by legal agreement within the recommendation

Point g: 'unforeseen circumstances' amended to 'misconnections'

Further Comments from Natural England

Following consultation with Natural England regarding the Appropriate Assessment, Natural England advised that additional details needed to be secured regarding the long-term monitoring and management of the wetlands in order to conclude that there would be no likely significant effect on the European Protected Sites. The additional details (included at the end of the committee report) were subsequently agreed with the applicant and will be secured by legal agreement.

Officers updated the Appropriate Assessment to include details of the long-term monitoring and management of the reedbed wetland and consulted with Natural

England. Natural England have confirmed that they endorse the Local Planning Authority's Appropriate Assessment:

"Your appropriate assessment concludes that your authority is able to ascertain that the proposal will not result in adverse effects on the integrity of any of the sites in question. Having considered the assessment, and the measures proposed to mitigate for all identified adverse effects that could potentially occur as a result of the proposal, Natural England advises that we concur with the assessment conclusions, providing that all mitigation measures are appropriately secured in any planning permission given."

Additional representations have been received since the committee report was published.

The representations raise the following issues:

-The evidence submitted does not prove that all the land has been used for grazing or that it has been used consistently for grazing during the last 10 years.

-Documents relating to the application were not previously made available to the public online. These include the applicant's evidence used to establish the existing land use, the Local Planning Authority's most recent Appropriate Assessment and the Local Planning Authority's calculation of the site's nitrogen budget.

Comment:

Natural England's guidance (4.51) states: *"It is important that farm type classification is appropriately precautionary. It is recommended that evidence is provided of the farm type for the last 10 years and professional judgement is used as to what the land would revert to in the absence of a planning application. In many cases, the local planning authority, as competent authority, will have appropriate knowledge of existing land uses to help inform this process."*

The representations submitted state that because only part of the land has been used for grazing during the last 10 years, the land use should be categorised as open space which has a lower nitrogen level of 5 kg/ha.

The evidence submitted demonstrates that some of the land has been used for grazing and that the remainder has been used for producing hay during the past 10 years. In the absence of a planning application Officers are satisfied that the land could continue to be used for grazing or for growing hay in light of past use, road frontage and enclosed boundaries.

The most recent land use (or the levels that would be produced at the site if planning permission is not granted) informs the levels of nitrogen produced by the site. Natural England's guidance advises that lowland grazing has an average nitrate-nitrogen loss level of 13 (kg/ha) and 25.4 kg/ha for general cropping (growing hay.)

As explained in the report, in order to be nutrient-neutral the proposed development must produce no more nitrogen than the current land use.

Given that the site has been used for grazing horses and growing hay, the Local Planning Authority has taken a precautionary approach to establishing the existing land use in line with Natural England's guidance and has calculated the levels of nitrogen based on if the site was used solely for grazing. This approach is precautionary because it results in a lower level of nitrogen than if the site was used for growing hay. The proposed development (which will produce increased levels of nitrogen) must provide more mitigation to be nutrient neutral than if the higher level associated with growing hay was used to inform the calculation.

Officers have liaised with Natural England regarding the evidence the applicant has provided and are satisfied that the categorisation of the land as lowland grazing rather than general cropping is a suitably precautionary approach in line with Natural England's guidance.

FAREHAM

BOROUGH COUNCIL

Minutes of the Planning Committee

(to be confirmed at the next meeting)

Date: Wednesday, 24 June 2020

Venue: Teams Virtual Meeting

PRESENT:

Councillor N J Walker (Chairman)

Councillor I Bastable (Vice-Chairman)

Councillors: F Birkett, T M Cartwright, MBE, P J Davies, K D Evans,
M J Ford, JP and R H Price, JP

Also Present: Councillor J S Forrest (Items 7 (1) and 7 (2)) and Councillor
L Keeble (Item 6)



1. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Mrs K Mandry.

2. MINUTES OF PREVIOUS MEETING

RESOLVED that the minutes of the Planning Committee meeting held on 13 May 2020 be confirmed and signed as a correct record.

3. CHAIRMAN'S ANNOUNCEMENTS

The Chairman used the Chairman's announcements to inform the Committee on how he intended to run the Virtual Planning Committee meeting.

4. DECLARATIONS OF INTEREST

In accordance with Standing Orders and the Council's Code of Conduct the following Councillors declared the following interest on the items identified.

Councillors I Bastable, T M Cartwright, P J Davies, K D Evans, M J Ford and N J Walker all declared a Personal Interest in item 7 (5) – Land adjoining 79 Greenaway Lane as the brother of the applicant is known to them through the Fareham Conservative Association.

Councillor R H Price also declared a Personal Interest in item 7 (5) – Land adjoining 79 Greenaway Lane as one of the deputies is known to him through the Fareham Liberal Democrats.

5. DEPUTATIONS

The Committee received a written or audio/video deputations (as identified below), which was either read out by the Committee Officer or played during the meeting, from the following in respect of the applications indicated.

Name	Spokesperson representing the persons listed	Subject	Supporting or Opposing the Application
1pm Start			
Caroline Dinenage MP		LAND AT NEWGATE LANE (NORTH) FAREHAM – OUTLINE APPLICATION WITH ALL MATTERS RESERVED (EXCEPT FOR ACCESS) FOR THE DEMOLITION OF EXISTING BUILDINGS AND DEVELOPMENT OF UP TO 75 DWELLINGS, OPEN SPACE,	Opposing

		VEHICULAR ACCESS POINT FROM NEWGATE LANE AND ASSOCIATED AND ANCILLARY INFRASTRUCTURE	
Ms H Thomas		-Ditto-	-Ditto-
Mr R Marshall	The Fareham Society	-Ditto-	-Ditto-
Mr N John		-Ditto-	-Ditto-
Mrs A Roast	Lee Residents Association	-Ditto-	-Ditto-
Mr & Mrs White		-Ditto-	-Ditto-
Mr J Cullingham		-Ditto-	-Ditto-
Ms Z Aspinall (Video Dep)	Lead Petitioner	-Ditto-	-Ditto-
Caroline Dinenage MP		LAND AT NEWGATE LANE (SOUTH) – OUTLINE PLANNING PERMISSION FOR THE DEMOLITION OF EXISTING BUILDINGS AND DEVELOPMENT OF UP TO 115 DWELLINGS, OPEN DWELLINGS, OPEN SPACE, VEHICULAR ACCESS POINT FROM NEWGATE LANE AND ASSOCIATED AND ANCILLARY INFRASTRUCTURE, WITH ALL MATTERS EXCEPT ACCESS TO BE RESERVED	Opposing
Ms N Coxwell		FAREHAM LEISURE CENTRE – TWO STOREY EXTENSION TO EXISTING LEISURE CENTRE, COMPRISING DOUBLE HEIGHT CLIMBING ZONE, STUDIO SPACE, EXTENSION TO EXISTING FITNESS SUITE, SOFT PLAY AREAS, PARTY ROOMS AND A MULTI-PURPOSE ROOM.	Opposing

		REFURBISHMENT OF EXISTING LEISURE CENTRE, SPLASH PAD ADDED TO POOL AREA. SUB-STATION WITHIN CAR PARK AND CAR PARK EXTENSION. ENTRANCE CANOPY ABOVE MAIN LEISURE CENTRE ENTRANCE. HARD LANDSCAPING WORKS TO CONNECT PROPOSED EXTENSION TO EXISTING PATHWAYS	
Mr P Burrard-Lucas		-Ditto-	-Ditto-
Mr A Bromilow		-Ditto-	-Ditto-
Mrs J Underwood		LAND EAST OF POSBROOK LANE TITCHFIELD – OUTLINE PLANNING APPLICATION FOR THE ERECTION OF UP TO 57 DWELLINGS, TOGETHER WITH ASSOCIATED PARKING, LANDSCAPING AND ACCESS FROM POSBROOK LANE	Opposing
Mr R Dunford		-Ditto-	-Ditto-
Mr D Phelan		-Ditto-	-Ditto-
Mr R Marshall	The Fareham Society	-Ditto-	-Ditto-
Ms A Mare		-Ditto-	-Ditto-
Ms A Stevenson		-Ditto-	-Ditto-
Mr W Rodger		-Ditto-	-Ditto-
Mrs H Megginson (Audio Dep)	Lead Petitioner	LAND ADJOINING 79 GREENAWAY LANE WARSASH – SIX DETACHED RESIDENTIAL UNITS AND ASSOCIATED DETACHED GARAGES INCORPORATING WETLAND CREATION	Opposing

Mr R Wyatt (Video Dep)		-Ditto-	-Ditto-
Miss Dickinson & Mr Sayer		-Ditto-	-Ditto-
Mr R Megginson (Video Dep)		-Ditto-	-Ditto-
Mr P Airey (Agent)		-Ditto-	Supporting
Mr B Curd		22 BARTLETT CLOSE FAREHAM – DETACHED FRONT GARAGE	Opposing
Mrs S Baldwin		-Ditto-	-Ditto-
Mr K Hayter		-Ditto-	Supporting

6. FIVE YEAR HOUSING LAND SUPPLY POSITION UPDATE

The Committee considered a report by the Director of Planning and Regeneration on the Council's Five Year Housing Land Supply position.

The Committee's attention was drawn to the Update Report which contained the following information:-

Following the publication of this report, Officers have been made aware of a recent legal case involving East Northamptonshire Council (ENC), the Secretary of State for Housing, Communities and Local Government (SOS) and Lourett Developments Ltd.

ENC commenced legal action against the SOS for allowing a planning appeal at Thrapston in Northamptonshire. The case related to the Planning Inspector's decision to treat the definition of 'deliverable' within the Glossary of the NPPF as a 'closed list'.

The SOS conceded that he erred in his interpretation of the definition of deliverable within the glossary of the National Planning Policy Framework ("NPPF") as a 'closed list'. The proper interpretation of the definition is that any site which can be shown to be 'available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years' will meet the definition; and that the examples given in categories (a) and (b) are not exhaustive of all the categories of site which are capable of meeting that definition. Whether a site does or does not meet the definition is a matter of planning judgment on the evidence available. The SOS considered that it was appropriate for the Court to make an Order quashing the decisions and remitting the appeal to be determined anew. The Court duly issued an order to this effect.

In light of the position taken by the SOS, it is reasonable to assume that Planning Inspectors will now follow the approach advocated in this case. In turn, it is appropriate for the 5 Year Housing Land Supply Report to be updated to reflect the most recent position of the SOS in respect of the definition of 'deliverable'.

The following changes are therefore made to the published report:

Introduction

Paragraph 5 should be deleted in its entirety.

Paragraph 6 should be substituted with the following:

Calculation of the Council's 5-Year Housing Land Supply Position based on an annual dwelling requirement of 514 and a 5% buffer gives a projected position of 4.03 years.

Paragraph 25 as currently written, should be deleted from the report and replaced with the following:

As highlighted at Paragraph 18, many Planning Inspectors have regarded the definition within the National Planning Policy Framework as a 'closed list' i.e. if a site does fall within the definitions at a) or b), set out within paragraph 12 of this report, it should not be included within the Council's 5 Year Housing Land Supply. In the recent case of East Northamptonshire Council, the Secretary of State for Housing, Communities and Local Government (SOS) and Lourett Developments Ltd, the SOS conceded that he erred in his interpretation of the definition of deliverable within the glossary of the National Planning Policy Framework ("NPPF") as a 'closed list'. The proper interpretation of the definition is that any site which can be shown to be 'available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years' will meet the definition; and that the examples given in categories (a) and (b) are not exhaustive of all the categories of sites which are capable of meeting that definition. Whether a site does or does not meet the definition is a matter of planning judgement on the evidence available. On this basis planning applications with a resolution to grant planning permission are included within the Council's 5 year housing land supply. In light of the current market conditions, Officers have applied a precautionary approach the commencement of development in respect of those sites with a resolution to grant. For detailed planning permissions this means that Officers have put the commencement of development as falling within 2021/22, and outline planning permissions being implemented during 2022/23.

In Paragraph 34, insert a further bullet point:

- *Dwellings with a resolution to Grant Planning Permission that are expected to be built by 30th March 2025.*

FIVE-YEAR HOUSING LAND SUPPLY POSITION

The table within the current report should be deleted and replaced with the following:

The following table provides a summary of the Council's current 5YHLS position as per the date of this paper.

HOUSING REQUIREMENT		
A	<i>Local Housing Need: Dwellings per annum 2019-36</i>	514
B	<i>Local Housing Need: Total requirement for 1st April 2020 to 30th March 2025 (A x 5)</i>	2,570
C	<i>5% buffer to ensure choice and competition in the market for land (B x 5%)</i>	129
D	Total housing requirement for period from 1st April 2020 to 30th March 2025 (B+C)	2,699
E	<i>Annual requirement for period from 1st April 2020 to 30th March 2025 (D/5)</i>	540
HOUSING SUPPLY		
F	<i>Net outstanding planning permissions for small sites (1-4 units) expected to be built by 30th March 2025 (discounted by 10% for lapses)</i>	155
G	<i>Net outstanding full planning permissions for large sites (5 or more units) expected to be built by 30th March 2025</i>	371
H	<i>Net outstanding outline planning permissions for large sites (5 or more units) expected to be built by 30th March 2025</i>	99
I	<i>Dwellings with a Resolution to Grant Planning Permission that are expected to be built by 30th March 2025</i>	709
J	<i>Dwellings allocated in Adopted Local Plan (LP2) that are expected to be built by 30th March 2025</i>	624
K	<i>Dwellings from emerging brownfield sites (Adopted Local Plan - LP1 & LP2) that are expected to be built by 30th March 2025</i>	145
L	<i>Small site windfall allowance (years 4 – 5) (37 dwellings x 2 years)</i>	74
M	Expected housing supply for the period from 1st April 2020 to 30th March 2025 (F+G+H+I+J+K+L)	2,177
N	Housing Land Supply Position over period from 1st April 2020 to 30th March 2025 (M – D)	-522
O	Housing Supply in Years (M / E)	4.03

DETAILS OF PROJECTED HOUSING SUPPLY FOR THE 5-YEAR PERIOD (1ST APRIL 2020 – 31ST MARCH 2025)

The table within the current report should be deleted and replaced with the following:

Site Address	2020/21	2021/22	2022/23	2023/24	2024/25	Totals
Outstanding Planning Permissions - Small (1-4 dwellings) (10% discount)						
Total across Borough	50	50	55			155
Outstanding Full Planning Permissions - Large (5+ dwellings)						
3-33 West Street, Portchester (07/0042/FP)		16				
New Park Garage, Station Road, Park Gate (09/0672/FP)	14					
100 Wickham Road, Fareham (14/1252/FP)			13			
Swanwick Marina, Bridge Road (15/0424/VC)			25	25		
4-14 Botley Road, Park Gate (16/0295/FP)	23					
Land to rear of 184 Bridge Road (P/17/0697/FP)	3					
1 Station Industrial Park, Duncan Road, Park Gate (P/17/1219/PC)			15			
Willows End, 312 Old Swanwick Lane (P17/1390/FP)		6				
Cranleigh Road, Portchester (Appeal allowed, reserved matters application P/17/1170/RM)		37				
Wykeham House School (P/17/0147/FP)	15					
Hampshire Rose, Highlands Road, Fareham (P/17/0956/FP)	17					
HA3 Southampton Road (Land at Segensworth Roundabout) (P/18/0897/FP)		41				
123 Barnes Lane, Sarisbury Green (P/18/0690/FP)				41		
Land to south of Rookery Avenue, Swanwick (P/18/0235/FP)			6			
94 Botley Road, Park Gate (19/0321/PC)			8			
24 West Street, Fareham (19/0654/PC)			7			
Land North of Funtley Road, Funtley (P/17/1135/OA) (P/19/0864/RM)	10	17				
42 Botley Road (P/19/1275/PC) Prior Approval Granted		5				
Stubbington Lane, Hill Head (LP2 H12)		11				
Corner of Station Road, Portchester (LP2 H20)		16				
Sub-total						371
Outstanding Outline Planning Permissions - Large (5+ dwellings)						
Land to the East of Brook Lane & South of Brookside Drive, Warsash - Taylor Wimpey (P/16/1049/OA)		50	35			
Former Scout Hut Coldeast Way Sarisbury Green (P/17/1420/OA)			7			
Land to East of Bye Road (self/custom build) (P/17/1317/OA)			4	3		
Sub-total						99
Resolution to Grant Planning Permission - Large (5+ dwellings)						
Land at Brook Lane, Warsash - Foreman Homes (P/17/0845/OA)			40	70	70	
Land East of Brook Lane (South), Warsash - Bargate Homes (P/17/0752/OA)			20	40	40	
Land South of Greenaway Lane, Warsash - Land &			25	60	60	

Partners (P/17/0998/OA)						
East & West of 79 Greenaway Lane, Warsash (P/18/0107/OA)			15	9		
East & West of 79 Greenaway Lane, Warsash (P/18/0884/FP)		6				
Land South of Funtley Road, Funtley (P/18/0067/OA)			15	30	10	
Land South West of Sovereign Crescent, Locks Heath (P/18/0484/FP)		24	14			
Moraunt Drive, Portchester (P/18/0654/FP)		16	32			
Southampton Road (Reside) (P/18/0068/OA)			35	50	20	
Egmont Nurseries, Brook Avenue (P/18/0592/OA)			8			
<i>Sub-total</i>						709
Local Plan Policy Compliant Brownfield Sites						
Warsash Maritime Academy				50	50	
Fareham Magistrates Court				45		
<i>Sub-total</i>						145
Local Plan Adopted Housing Allocations						
Wynton Way, Fareham (LP2 H3)			10			
335-337 Gosport Road, Fareham (LP2 H4)				8		
East of Raley Road, Locks Heath (north) (LP2 H6)				20	30	
33 Lodge Road, Locks Heath (LP2 H10)					10	
Land off Church Road				26		
Heath Road, Locks Heath – Hampshire County Council (LP2 H11) (P/17/1366/OA)				35	35	
Welborne (LP3)			30	180	240	
<i>Sub-total</i>						624
Windfall						
Small (1-4 dwellings)				37	37	
<i>Sub-total</i>						74
Total						2,177

At the invitation of the Chairman, Councillor L Keeble addressed the Committee on this item.

RESOLVED that the Committee note:

- (i) the content of the report, and the Update Report;
- (ii) the current 5-Year Housing Land Supply position; and
- (iii) that the 5-Year Housing Land Supply Position set out in the attached report, and Update Report (which will be updated regularly as appropriate) is a material consideration in the determination of planning applications for residential development.

7. PLANNING APPLICATIONS AND MISCELLANEOUS MATTERS INCLUDING AN UPDATE ON PLANNING APPEALS

The Committee noted a report by the Director of Planning and Regeneration on development control matters, including information regarding new appeals and decisions.

(1) P/18/1118/OA - LAND AT NEWGATE LANE (NORTH) FAREHAM

The Committee received the deputations referred to in Minute 5 above.

At the Invitation of the Chairman, Councillor J Forrest addressed the Committee on this item.

(During the presentation on this item Councillor F Birkett lost his connection to the meeting, and, as he was unable to take part in the full debate on this item he took no further part in this item and did not vote on the application)

The Committee's attention was drawn to the Update Report which contained the following information:-

The update to the Five Year Housing Land Supply report is included above. As a result of that update, Members are advised that references in the Officer report in relation to Land at Newgate Lane North to the current 5YHLS being 2.72 years should be replaced with the figure of 4.03 years.

The recommendation at section 9 of the report is revised as follows to include policies omitted from the original recommendation, revised wording in relation to reason for refusal j) and an additional reason for refusal related to the lack of affordable housing provision (now reason for refusal n).

REFUSE PERMISSION for the following reasons:

The development is contrary to Policies CS2, CS4, CS5, CS6, CS14, CS15, CS16, CS17, CS18, CS20, CS21 and CS22 of the Adopted Fareham Borough Core Strategy 2011 and Policies DSP6, DSP13, DSP14, DSP15 & DSP40 of the Adopted Local Plan Part 2: Development Site and Policies Plan, paragraphs 103, 109, 110 and 175 of the NPPF and is unacceptable in that:

- a) The provision of residential development in this location would be contrary to adopted Local Plan policies which seek to prevent additional residential development in the countryside;*
- b) The proposed development fails to respond positively to and be respectful of the key characteristics of the area and would be harmful to the character and appearance of the countryside;*
- c) The provision of development in this location would significantly affect the integrity of the strategic gap and the physical and visual separation of settlements;*
- d) The application site is not sustainably located adjacent to, well related to or well-integrated with the existing urban settlement boundaries;*
- e) The proposal would result in the loss of best and most versatile agricultural land;*
- f) Insufficient information has been submitted to adequately assess the highways impacts arising from the proposed development;*

- g) The proposed access is inadequate to accommodate the development safely;*
- h) The proposed development would have an unacceptable impact on the junction of old Newgate Lane / Newgate Lane East resulting in a severe impact on the road safety and operation of the local transport network;*
- i) The proposed development provides insufficient support for sustainable transport options;*
- j) In the absence of appropriate mitigation for the loss of a low use Brent geese and wader site in the absence of a legal agreement to appropriately secure such mitigation, the proposal would have a likely adverse effect on the integrity of European Protected Sites;*
- k) In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which in combination with other developments, would arise due to the impacts of recreational disturbance;*
- l) In the absence of a legal agreement to secure contributions to open space and facilities and their associated management and maintenance, the recreational needs of residents of the proposed development would not be met;*
- m) In the absence of a legal agreement to secure contributions to education, the needs of residents of the proposed development would not be met;*
- n) In the absence of a legal agreement to secure the on-site provision of affordable housing, the housing needs of the local population would not be met;*
- o) In the absence of a legal agreement to secure the submission and implementation of a full Travel Plan, payment of the Travel Plan approval and monitoring fees and the provision of surety mechanism to ensure implementation of the Travel Plan, the proposed development would not make the necessary provision to ensure measures are in place to assist in reducing the dependency on the use of the private motorcar;*

Note for information:

Had it not been for the overriding reasons for refusal to the proposal, the Local Planning Authority would have sought to address points k – o) above by inviting the applicant to enter into a legal agreement with Fareham Borough Council under Section 106 of the Town & Country Planning Act 1990.

Upon being proposed and seconded the officer recommendation that had members had the opportunity to determine the planning application, they would have refused it, was voted on and CARRIED.

(Voting: 7 in favour; 0 against)

RESOLVED that had Members had the opportunity to determine this application PLANNING PERMISSION would have been REFUSED for the following reasons.

Reasons for Refusal

The development is contrary to Policies CS2, CS4, CS5, CS6, CS4, CS15, CS16, CS17, CS8, CS20, CS21 and CS22 of the Adopted Fareham Borough Core Strategy 2011 and Policies DSP6, DSP13, DSP14, DSP15 & DSP40 of the Adopted Local Plan Part 2: Development Site ad Policies Plan, paragraphs 103, 109, 110 and 175 of the NPPF and is unacceptable in that:

- a) The provision of residential development in this location would be contrary to adopted Local Plan policies which seek to prevent additional residential development in the countryside;
- b) The proposed development fails to respond positively to and be respectful of the key characteristics of the area and would be harmful to the character and appearance of the countryside;
- c) The provision of development in this location would significantly affect the integrity of the strategic gap and the physical and visual separation of settlements;
- d) The application site is not sustainably located adjacent to, well related to or well-integrated with the existing urban settlement boundaries;
- e) The proposal would result in the loss of best and most versatile agricultural land;
- f) Insufficient information has been submitted to adequately assess the highways impacts arising from the proposed development;
- g) The proposed access is inadequate to accommodate the development safely;
- h) The proposed development would have an unacceptable impact on the junction of old Newgate Lane / Newgate Lane East resulting in a severe impact on the road safety and operation of the local transport network;
- i) The proposed development provides insufficient support for sustainable transport options;
- j) In the absence of appropriate mitigation for the loss of a low use Brent geese and wader site and in the absence of a legal agreement to appropriately secure such mitigation, the proposal would have a likely adverse effect on the integrity of European Protected Sites;
- k) In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which, in combination with other

developments, would arise due to the impacts of recreational disturbance;

- l) In the absence of a legal agreement to secure contributions to open space and facilities and their associated management and maintenance, the recreational needs of residents of the proposed development would not be met;
- m) In the absence of a legal agreement to secure contributions to education, the needs of residents of the proposed development would not be met;
- n) In the absence of legal agreement to secure the on-site provision of affordable housing, the housing needs of the local population would not be met;
- o) In the absence of a legal agreement to secure the submission and implementation of a full Travel Plan, payment of the Travel Plan approval and monitoring fees and the provision of a surety mechanism to ensure implementation of the Travel Plan, the proposed development would not make the necessary provision to ensure measures are in place to assist in reducing the dependency on the use of the private motorcar.

Note for Information:

Had it not been for the overriding reasons for refusal to the proposal, the Local Planning Authority would have sought to address points k – o) above by inviting the applicant to enter into a legal agreement with Fareham Borough Council under Section 106 of the Town & Country Planning Act 1990.

(2) P/19/0460/OA - LAND AT NEWGATE LANE (SOUTH) FAREHAM

The Committee received the deputations referred to in Minute 5 above.

At the invitation of the Chairman, Councillor J Forrest addressed the Committee on this item.

(During the presentation on this item Councillor F Birkett lost his connection to the meeting and, as he was unable to take part in the full debate on this item he took no further part in this item and did not vote on the application.)

The Committee's attention was drawn to the Update Report which contained the following information:-

The update to the Five Year Housing Land Supply report is included above. As a result of that update, Members are advised that references in the Officer report in relation to Land at Newgate Land South to the current 5YHLS being 2.72 years should be replaced with the figure of 4.03 years.

The recommendation at section 9 of the report is revised as follows to include policies omitted from the original recommendation, revised wording in relation

to reason for refusal j) and an additional reason for refusal relating to the lack of affordable housing provision (now reason for refusal n).

REFUSE PLANNING PERMISSION, for the following reasons:

The development is contrary to Policies CS2, CS4, CS5, CS6, CS14, CS15, CS17, CS18, CS20, CS21 and CS22 of the Adopted Fareham Borough Core Strategy 2011 and Policies DSP6, DSP13, DSP14, DSP15 & DSP40 of the Adopted Local Plan Part 2: Development Site and Policies Plan, paragraphs 103, 109, 110 and 175 of the NPPF and is unacceptable in that:

- a) The provision of residential development in this location would be contrary to adopted Local Plan policies which seek to prevent additional residential development in the countryside;*
- b) The proposed development fails to respond positively to and be respectful of the key characteristics of the area and would be harmful to the character and appearance of the countryside;*
- c) The provision of development in this location would significantly affect the integrity of the strategic gap and the physical and visual separation of settlements;*
- d) The application site is not sustainably located to, well related to or well-integrated with the existing urban settlement boundaries;*
- e) Insufficient information has been submitted to adequately assess the highways impacts arising from the proposed development;*
- f) The proposed access is inadequate to accommodate the development safely;*
- g) The proposed development would have an unacceptable impact on the junction of old Newgate Lane / Newgate Lane East resulting in a severe impact on the road safety and operation of the local transport network;*
- h) The proposed development provides insufficient support for sustainable transport options;*
- i) The proposal provides insufficient information to protect and enhance the biodiversity interests of the site which includes a substantial population of Chamomile;*
- j) In the absence of appropriate mitigation for the loss of a low use Brent geese and wader site and in the absence of a legal agreement to appropriately secure such mitigation, the proposal would have a likely adverse effect on the integrity of European Protected Sites;*
- k) In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which, in combination with other developments, would arise due to the impacts of recreational disturbance;*

- l) *In the absence of a legal agreement to secure contributions to open space and facilities and their associated management and maintenance, the recreational needs of residents of the proposed development would not be met;*
- m) *In the absence of a legal agreement to secure contributions to education, the needs of residents of the proposed development would not be met;*
- n) *In the absence of a legal agreement to secure the on-site provision of affordable housing, the housing needs of the local population would not be met;*
- o) *In the absence of a legal agreement to secure the submission and implementation of a full Travel Plan, payment of the Travel Plan approval and monitoring fees and the provision of a surety mechanism to ensure implementation of the Travel Plan, the proposed development would not make the necessary provision to ensure measures are in place to assist in reducing the dependency on the use of the private motorcar.*

Note for Information:

Had it not been for the overriding reasons for refusal to the proposal, the Local Planning Authority would have sought to address points k – o) above by inviting the applicant to enter into a legal agreement with Fareham Borough Council under Section 106 of the Town and Country Planning Act 1990.

Upon being proposed and seconded, the officer recommendation that had members had the opportunity to determine the planning application they would have refused it, was voted on and CARRIED.

(Voting: 7 in favour; 0 against)

RESOLVED that had Members had the opportunity to determine this application PLANNING PERMISSION would have been REFUSED for the following reasons.

Reasons for Refusal

The development is contrary to Policies CS2, CS4, CS5, CS6, CS14, CS15, CS17, CS18, CS20, CS21 and CS22 of the Adopted Fareham Borough Core Strategy 2011 and Policies DSP6, DSP13, DSP14, DSP15 & DSP40 of the Adopted Local Plan Part 2: Development Site and Policies Plan, paragraphs 103, 109, 110 and 175 of the NPPF and is unacceptable in that:

- a) The provision of residential development in this location would be contrary to adopted Local Plan policies which seek to prevent additional residential development in the countryside;
- b) The proposed development fails to respond positively to and be respectful of the key characteristics of the area and would be harmful to the character and appearance of the countryside;

- c) The provision of development in this location would significantly affect the integrity of the strategic gap and the physical and visual separation off settlements;
- d) The application site is not sustainably located adjacent to, well related to or well-integrated with the existing urban settlement boundaries;
- e) Insufficient information has been submitted to adequately assess the highways impacts arising from the proposed development;
- f) The proposed access is inadequate to accommodate the development safety;
- g) The proposed development would have an unacceptable impact on the junction of old Newgate Lane / Newgate Lane East resulting in a severe impact on the road safety and operation of the local transport network;
- h) The proposed development provides insufficient support for sustainable transport options;
- i) The proposal provides insufficient information to protect and enhance the biodiversity interests of the site which includes a substantial population of Chamomile;
- j) In the absence of appropriate mitigation for the loss of a low use Brent geese and wader site and in the absence of a legal agreement to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites;
- k) In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which, in combination with other developments, would arise due to the impacts of recreational disturbance;
- l) In the absence of a legal agreement to secure contributions to open space and facilities and their associated management and maintenance, the recreational needs of residents of the proposed development would not be met;
- m) In the absence of a legal agreement to secure contributions to education, the needs of residents of the proposed development would not be met;
- n) In the absence of a legal agreement to secure the on-site provision of affordable housing, the housing needs of the local population would not be met;
- o) In the absence of a legal agreement to secure the submission and implementation of a full Travel Plan, payment of the Travel Plan approval and monitoring fees and the provision of a surety mechanism to ensure implementation of the Travel Plan, the proposed development would not make the necessary provision to ensure measures are in

place to assist in reducing the dependency on the use of the private motorcar.

Note for Information:

Had it not been for the overriding reasons for refusal to the proposal, the Local Planning Authority would have sought to address points k) – o) above by inviting the applicant to enter into a legal agreement with Fareham Borough Council under Section 106 of the Town & Country Planning Act 1990.

(3) P/20/0212/FP - FAREHAM LEISURE CENTRE PARK LANE FAREHAM PO16 7JU

The Committee received the deputations referred to in Minute 5 above.

Upon being proposed and seconded the officer recommendation to grant planning permission, subject to the conditions in the report, was voted on and CARRIED.

(Voting: 7 in favour; 1 against)

RESOLVED that, subject to the conditions in the report, PLANNING PERMISSION be granted.

(4) P/19/1193/OA - LAND EAST OF POSBROOK LANE TITCHFIELD

The Committee received the deputations referred to in Minute 5 above.

The Committee's attention was drawn to the Update Report which contained the following information:-

The Update to the Five Year Housing Land Supply report is included above. As a result of that update, Members are advised that references in the Officers report in relation to the Land East of Posbrook Lane to the current 5YHLS being 2.72 years should be replaced with the figure of 4.03 years.

Since the publication of the committee agenda the Council has been notified that a non-determination appeal has been lodged with the Planning Inspectorate. That being the case, Members of the Planning Committee are no longer able to determine the application. Instead, Members are asked to confirm that had they had the opportunity to determine the application they would have REFUSED it for the reasons set out at section 9 of the Officer report.

Upon being proposed and seconded the officer recommendation that had members had the opportunity to determine the planning applications they would have refused it, was voted on and carried.

(Voting: 8 in favour; 0 against)

RESOLVED that had Members had the opportunity to determine this application PLANNING PERMISSION would have been REFUSED for the following reasons.

Reasons for Refusal

The development is contrary to Policies CS2, CS4, CS5, CS6, CS14, CS16, CS17 & CS18 of the Adopted Fareham Borough Core Strategy 2011 and Policies DSP5, DSP6, DSP13 & DSP40 of the Adopted Local Plan Part 2: Development Sites and Policies Pan,

And paragraphs 170 & 196 of the NPPF and is unacceptable in that:

- a) The provision of residential development in this location would be contrary to adopted Local Plan policies which seek to prevent additional residential development in the countryside;
- b) The application site lies outside of the defined urban settlement boundary on land which is considered to form part of a valued landscape. As a result the proposed development would result in a range of significant adverse landscape and visual effects, harmful to the landscape character, appearance and function of the countryside and failing to respect or respond positively to the key characteristics of the surrounding area;
- c) The proposal would result in less than substantial harm to, and fail to preserve and enhance, the setting of nearby Grade II* Listed Buildings;
- d) The proposal would result in the loss of best and most versatile agricultural land;
- e) In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which, in combination with other developments, would arise due to the impacts of recreational disturbance;
- f) In the absence of a legal agreement to secure such the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which would arise as a result of the loss of part of a Primary Support Area for Brent geese and waders;
- g) In the absence of a legal agreement to secure such, the proposal fails to appropriately secure mitigation of the likely adverse effects on the integrity of European Protected Sites which, in combination with other developments, would arise due to the additional generation of nutrients entering the water environment;
- h) In the absence of a legal agreement to secure the provision of public open space and contributions towards the associated management and maintenance of the open space, the recreational needs of residents of the proposed development would not be met;
- i) In the absence of a legal agreement to secure such, the proposal fails to make on-site provision of affordable housing at a level in accordance with the requirements of the local plan;

- j) In the absence of a legal agreement to secure contributions to education, the needs of residents of the proposed development would not be met;
- k) In the absence of a legal agreement to secure a financial contribution towards improvements to the local public rights of way network, the proposal fails to mitigate the harm from the increased usage of public rights of way as a direct result of the development.

Notes for Information:

Had it not been for the overriding reasons for refusal to the proposal, the Local Planning Authority would have sought to address points e) – k) above by inviting the applicant to enter into a legal agreement with Fareham Borough Council under Section 106 of the Town & Country Planning Act 1990.

(5) P/18/0884/FP - LAND ADJOINING 79 GREENAWAY LANE WARSASH S031 9HT

The Committee received the deputations referred to in Minute 5 above.

The Committee's attention was drawn to the Update Report which contained the following information:-

5 Year Housing Land supply

Paragraph 8.4 The 5-year housing land supply has been updated to 4.03 years.

Measures to be secured by legal agreement within the recommendation

Point g: 'unforeseen circumstances' amended to 'misconnections'

Further Comments from Natural England

Following consultation with Natural England regarding the Appropriate Assessment, Natural England advised that additional details needed to be secured regarding the long-term monitoring and management of the wetlands in order to conclude that there would be no likely significant effect on the European Protected Sites. The additional details (included at the end of the committee report) were subsequently agreed with the applicant and will be secured by legal agreement.

Officers updated the Appropriate Assessment to include details of the long-term monitoring and management of the reedbed wetland and consulted with Natural England. Natural England have confirmed that they endorse the Local Planning Authority's Appropriate Assessment:

"Your appropriate assessment concludes that your authority is able to ascertain that the proposal will not result in adverse effects on the integrity of any of the sites in question. Having considered the assessment, and the measures proposed to mitigate for all identified adverse effects that could potentially occur as a result of the proposal, Natural England advises that we concur with the assessment conclusions, providing that all mitigation measures are appropriately secured in any planning permission given."

Additional representations have been received since the committee report was published.

The representations raise the following issues:

-The evidence submitted does not prove that all the land had been used for grazing or that it has been used consistently for grazing during the last 10 years.

-Documents relating to the application were not previously made available to the public online. These include the applicant's evidence used to establish the existing land use, the Local Planning Authority's most recent Appropriate Assessment and the Local Planning Authority's calculation of the site's nitrogen budget.

Comment:

Natural England's guidance (4.51) states: "It is important that farm type classification is appropriately precautionary. It is recommended that evidence is provided of the farm type for the last 10 years and professional judgement is used as to what the land would revert to in the absence of a planning application. In many cases, the local planning authority, as competent authority, will have appropriate knowledge of existing land uses to help inform this process."

The representations submitted state that because only part of the land has been used for grazing during the last 10 years, the land use should be categorized as open space which has a lower nitrogen level of 5 kg/ha.

The evidence submitted demonstrates that some of the land has been used for grazing and that the remainder has been used for producing hay during the past 10 years. In the absence of a planning application Officers are satisfied that the land could continue to be used for grazing or for growing hay in light of past use, road frontage and enclosed boundaries.

The most recent land use (or the levels that would be produced at the site if planning permission is not granted) informs the levels of nitrogen produced by the site. Natural England's guidance advises that lowland grazing has an average nitrate-nitrogen loss level of 13 (kg/ha) and 25.4 kg/ha for general cropping (growing hay.)

As explained in the report, in order to be nutrient-neutral the proposed development must produce no more nitrogen than the current land use.

Given that the site has been used for grazing horses and growing hay, the Local Planning Authority has taken a precautionary approach to establish the existing land use in line with Natural England's guidance and has calculated the levels of nitrogen based on if the site was used solely used for grazing. This approach is precautionary because it results in a lower level of nitrogen than if the site was used for growing hay. The proposed development (which will produce increased levels of nitrogen) must provide more mitigation to be nutrient neutral than if the higher level associated with growing hay was used to inform the calculation.

Officers have liaised with Natural England regarding the evidence the applicant has provided and are satisfied that the categorisation of the land as

lowland grazing rather than general cropping is a suitably precautionary approach in line with Natural England's guidance.

Councillors I Bastable, T M Cartwright, P J Davies, K D Evans, M J Ford and N J Walker all declared a Personal Interest in this item as the brother of the applicant is known to them through the Fareham Conservative Association.

Councillor R H Price also declared a Personal Interest in this item as one of the deputees is known to him through the Fareham Liberal Democrats.

Upon being proposed and seconded the officer recommendation to grant planning permission, subject to the conditions in the report and completion of a Section 106 agreement securing the planning obligations set out in the report, was voted on and CARRIED.

(Voting: 7 in favour; 1 against)

RESOLVED that, subject to the conditions in the report and completion of a Section 106 agreement securing the planning obligations set out in the report, PLANNING PERMISSION be granted.

(6) P/20/0295/FP - 22 BARLETT CLOSE FAREHAM PO15 6BQ

The Committee received the deputations referred to in Minute 5 above.

Upon being proposed and seconded the officer recommendation to grant planning permission, subject to the conditions in the report, was voted on and CARRIED.

(Voting: 6 in favour; 2 against)

RESOLVED that, subject to the conditions in the report, PLANNING PERMISSION be granted.

(7) Planning Appeals

The Committee noted the information in the report.

(8) UPDATE REPORT

The Update Report was circulated prior to the meeting and considered along with the relevant agenda item.

8. TREE PRESERVATION ORDERS

The Committee considered the confirmation of the following Fareham Tree Preservation Order(s), which have been made under delegated powers and to which no formal objection has been received.

Fareham Tree Preservation Order No. 765 2020 – 229A Highlands Road & 17 Napier Crescent, Fareham West.

Order served on 6 March 2020 for which there were no objections.

RESOLVED that Fareham TPO 765 is confirmed as made and served.

(The meeting started at 1.00 pm
and ended at 5.15 pm).



Ministry of Housing,
Communities &
Local Government

Technical consultation on updates to national planning policy and guidance



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Scope of the consultation

Topic of this consultation:	This consultation seeks views on: <ul style="list-style-type: none"> • Changes to planning practice guidance relating to the standard method for assessing local housing need • Policy clarifications relating to housing land supply, the definition of deliverable and appropriate assessment.
Scope of this consultation:	The Ministry of Housing, Communities and Local Government is consulting on changes to planning practice guidance and policy clarifications, which will involve amendments to the National Planning Policy Framework.
Geographical scope:	These proposals relate to England only.
Impact Assessment:	N/A

Basic Information

To:	This consultation is open to everyone. We are keen to hear from a wide range of interested parties from across the public and private sectors, as well as from the general public.
Body/bodies responsible for the consultation:	Ministry of Housing, Communities and Local Government
Duration:	This consultation will begin on Friday 26 October 2018 and will close at 23.45 on Friday 7 December 2018.
Enquiries:	For any enquiries about the consultation please contact: planningpolicyconsultation@communities.gov.uk
How to respond:	<p>Consultation responses should be submitted by online survey: https://www.surveymonkey.co.uk/r/technicalplanningconsultation</p> <p>We strongly encourage responses via the online survey, particularly from organisations with access to online facilities such as local authorities, representative bodies and businesses. Consultations on planning policy receive a high level of interest across many sectors. Using the online survey greatly assists our analysis of the responses, enabling more efficient and effective consideration of the issues raised for each question.</p>

We have listened to concerns about the use of online surveys in the past and have made a number of adjustments ahead of this consultation. The online survey will allow respondents to: save and return to the survey later; and submit additional information or evidence to support their response to this consultation.

Further advice on how to use these new features is available on the home page of the online survey. Should you be unable to respond via the online survey we ask that you complete the pro forma found on the webpage. Additional information or evidence can be provided in addition to your completed pro forma.

In these instances you can email your pro forma to:
planningpolicyconsultation@communities.gov.uk

Or send to:
Planning Policy Consultation Team
Ministry of Housing, Communities and Local Government
3rd floor, South East Fry Building 2 Marsham Street LONDON
SW1P 4DF

Introduction

1. This consultation is seeking views on changes to planning practice guidance on the standard method for assessing local housing need.
2. The Government's priorities are to deliver more and better-designed homes, and to do so faster. This has been the theme of reforms undertaken over the last 18 months, from the White Paper [Fixing the broken housing market](#), to the revision of the [National Planning Policy Framework](#), which have been about delivering the homes this country needs, in the places people want to live. This includes supplying homes to meet the diverse needs of our communities, such as homes for first time buyers, homes suitable and accessible for older people, high quality rental properties and well designed social housing.
3. A key aim of these reforms is to ensure local planning authorities plan for the right homes in the right places, in an open, transparent and sustainable way, and to ensure the debate in each area can focus on how to deliver more, better homes, rather than spending unnecessary time on how many homes are needed. To do so the Government introduced a standard method for assessing housing need to ensure local authorities and the communities they serve have a consistent starting point when understanding how many homes are needed in their local area.
4. Last year over 217,000 new homes were supplied, the highest number for more than ten years. This is a good start, and means more people have a choice when it comes to deciding where to live. But more must be done. The average house in England costs almost eight times average earnings, making home ownership unaffordable for many people.
5. The recent household projections release, published by the Office of National Statistic (ONS), has led some areas to reconsider the number of homes they were planning for. However, as the ONS has [confirmed](#), lower household projections do not mean fewer homes need to be built. If more homes are planned for and delivered, more people will be able to own or rent their own home. This consultation therefore proposes changes to the standard method to ensure consistency with the objective of building more homes, whilst providing the stability communities need.
6. This consultation also proposes minor clarifications to national planning policy on housing land supply, the definition of deliverable sites and appropriate assessment for habitats sites.

Local housing need assessment

Revising the standard method for assessing housing need to be consistent with increasing housing supply

7. At Budget 2017 the Government announced that it would enable the housing market to deliver 300,000 homes a year on average by the mid-2020s. In March 2018 the draft National Planning Policy Framework was published for consultation. This included a proposal for a standard method of assessing local housing need. Using data published in September 2017 as part of the [Planning for the right homes in the right places](#) consultation, this would, in aggregate, plan for around 266,000 homes across England (based on 2014 household projections and Spring 2017 local ratios of median house prices to median earnings). The draft Framework also made clear that to support the Government's objective of significantly boosting the supply of homes, it is important that a sufficient amount and variety of land can come forward where it is needed¹.
8. In October 2017 the ONS published new national population projections, based on the latest data for mortality, fertility and migration. These project that, nationally, the population of England will grow less rapidly (3.0 million between 2018-19 and 2028-29) than forecast in 2014 (3.8 million 2018-19 to 2028-29). This suggested that the Government might need to review both its aspirations for housing supply and how this is reflected in planning policy.
9. The final version of the revised National Planning Policy Framework, published in July this year, confirmed that strategic policies should be informed by a local housing need assessment conducted using the standard method. The method is set out in [planning practice guidance](#) published alongside the revised Framework. Given that the ONS would need to produce new local authority level household projections based on the 2016 population projections, the Government's response to the consultation on the draft Framework included a clear commitment to keep the standard method under review;

"In the housing White Paper the Government was clear that reforms set out (which included the introduction of a standard method for assessing housing need) should lead to more homes being built. In order to ensure that the outputs associated with the method are consistent with this, we will consider adjusting the method after the household projections are released in September. We will consult on the specific details of any change at that time. It should be noted that the intention is to consider adjusting the method to ensure that the starting point in the plan-making process is consistent in aggregate with the proposals in Planning for the right homes in the right places consultation and continues to be consistent with ensuring that 300,000 homes are built per year by the mid 2020's."

¹ Paragraph 60: [National Planning Policy Framework: Draft text for consultation](#)

10. The ONS published the latest household projections on 20 September 2018. These reduce the projected rate of household formation compared to the previous projections by 53,000 a year between 2018 and 2028². These lower projections of household growth result in the national minimum annual housing need calculated using the standard method falling significantly; from approximately 269,000 homes prior to the publication of the updated household projections, to approximately 213,000 based on the updated data. This is below the 217,350 homes delivered last year³.
11. The Government has considered whether it needs to change its aspirations for housing supply in light of the new household projections, and in particular whether these imply that 53,000 fewer homes are needed each year than previously thought. It has decided it is not right to change its aspirations. First, the annual change in household projections comprises two aspects: a reduction of 29,000 arising from the lower population projections, and a reduction of 23,000 arising from changes in the method for converting population change into estimates of household formation – (reducing the historic period of household formation on which the projections are based from five census points to two, which focuses it more acutely on a period of low household formation where the English housing market was not supplying enough additional homes). Methodological changes are not a reason why the Government should change its aspirations. In addition;
1. Household projections are constrained by housing supply. If new, additional homes are not supplied, then households cannot form as there would be nowhere for them to live. This means that actual household growth cannot exceed the number of additional homes which are actually supplied. The ONS household projections show that the average household size is projected to be 2.33 by 2028 compared to 2.27 in the 2014 based household projections; this means that in order to just keep household size constant at the 2014 based projected level, 64,000 additional homes per year would be needed in excess of the current projections;
 2. The historic under-delivery of housing means there is a case for public policy supporting delivery in excess of household projections, even if those projections fall. Cheshire⁴ estimated that “between 1994 and 2012, building fell short of what was needed by between 1.6 and 2.3 million houses”. Given that households cannot form if new houses are not built for them to move into, this undersupply will have resulted in pent-up demand;
 3. Other things being equal a more responsive supply of homes through local authorities planning for more homes where we need them will help to address the effects of increasing demand, such as declining affordability, relative to a housing supply that is less responsive. Published econometric research⁵ consistently finds that in the UK supply is less responsive to demand relative to other countries.
 4. The above factors have led to declining affordability, as evidenced by the decrease in the number of people living in an area with an affordability ratio of 4

² [2016-based household projections in England](#)

³ [Housing supply: net additional dwellings](#)

⁴ [Turning houses into gold: the failure of British planning](#)

⁵ [The Barker Review of Housing Supply](#), Interim Report

or less: from 23 million (47% of the population) in 2000, to 395,000 (less than 1% of the population) in 2017. Similarly, there has been an increase in those living in areas with an affordability ratio of more than 8: from 2.8 million (around 6% of the population) to 28 million (nearly 50% of the population) over the same period. This indicates that the Government should not be less ambitious for housing supply.

12. Furthermore, population changes are only one aspect of the driver for housing supply. Rising incomes, changing social preferences and factors such as real interest rates and credit availability contribute to demand for housing. In summary, the Government's judgment is that these factors combine to indicate that there is no need to change its aspirations for increasing housing supply. This is consistent with the argument in the [housing White Paper](#) that the ambition of delivering more homes should be about both keeping pace with population growth and looking to address worsening affordability through tackling the previous undersupply of homes.

13. The ONS has made the following statements about the updated household projections:

“They do not take account of how many people may want to form new households, but for whatever reason aren't able to, such as young adults wanting to move out of their parents' house, or people wanting to live on their own instead of in a house share. Therefore, household projections are not a measure of how many houses would need to be built to meet housing demand; they show what would happen if past trends in actual household formation continue.”

“Although the latest household projections are lower than the previously published projections, this does not directly mean that fewer houses are needed in the future than thought. This is because the projections are based on recent actual numbers of households and are not adjusted to take account of where homes have been needed in recent years but have not been available. Therefore, if more homes are built, the increased availability of homes may result in more households forming. The opposite is also true – if fewer homes are built then fewer households are able to form.”⁶

14. There is wider consensus that a significant increase in housing delivery compared to current levels is required. KPMG and Shelter⁷ reported that to just meet rising future demand a minimum of 250,000 new homes are needed per year. The House of Lords Select Committee on Economic Affairs report '*Building more homes*'⁸ found that “to meet this demand and have a moderating effect on house prices, at least 300,000 homes a year need to be built for the foreseeable future”. The Chartered Institute for Housing report that ‘the current backlog of households with housing need is four million in England’.⁹

⁶ [What our household projections really show](#)

⁷ [KPMG and Shelter, Building the homes we need](#)

⁸ [The House of Lords Select Committee on Economic Affairs report 'Building more homes'](#)

⁹ [Chartered Institute of Housing:2018 UK Housing Review](#)

15. The issue then arises of how the Government supports delivery of this through planning policy. The standard method for assessing minimum housing need was designed to identify an appropriate level of need in a straightforward, transparent way. It does not represent a mandatory target for local authorities to plan for, but the starting point for the planning process. Local planning authorities may decide that exceptional circumstances justify the use of an alternative method, but they will need to identify these reasons and can expect them to be tested by the Planning Inspectorate during the examination of their plans. Local authorities may also not be able to meet their identified housing need in full, for example because of land constraints (such as Green Belt) in their area and it may be that need is better met elsewhere.
16. Given the projected household growth and local affordability pressures at the time, the *Planning for the right homes in the right places* consultation specified that the affordability adjustment at the level proposed ‘achieves the overall level of delivery that most external commentators believe we need, while ensuring it is delivered in the places where affordability is worst’. It was specified that the uplift for affordability was applied to be consistent with the level of delivery identified in the [housing White Paper](#).
17. In view of the forthcoming revisions to household projections a commitment to ensuring that this remained the case was made in the [Government response](#) to the *Planning for the right homes in the right places* consultation as follows:
- ‘The standard method is a key part of the Government’s ambition to deliver the right number of homes in the right places. The methodology is based on population growth projections which can change. We propose to keep the methodology under review to ensure that quantity and approximate distribution of need that is established by the standard methodology remains appropriate.’*
18. As noted above, this commitment was reiterated in the Government’s response to the consultation on the draft National Planning Policy Framework. Given this, the Government considers that planning policy should respond flexibly and support the aspiration of supporting a market that delivers 300,000 homes. In doing so its principles are:
- providing stability and certainty for local planning authorities and communities;
 - ensuring that planning responds not only to movements in projected households but also to price signals; and
 - ensuring planning policy supports a housing market that works for everyone.

The Government’s proposed approach

19. The Government considers that the best way of responding to the new ONS household projections and delivering on the three principles in paragraph 18 above is to make three changes:
1. For the short-term, to specify that the 2014-based data will provide the demographic baseline for assessment of local housing need.

2. To make clear in national planning practice guidance that lower numbers through the 2016-based projections do not qualify as an exceptional circumstance that justifies a departure from the standard methodology; and
 3. In the longer term, to review the formula with a view to establishing a new method that meets the principles in paragraph 18 above by the time the next projections are issued.
20. All other elements of the standard method of assessing housing need would, for now, remain unchanged. The use of the standard method applies to plan-making for plans submitted on or after the 24 January 2019. Any period specified for using the 2014-based projections would use this as the start date. As specified in existing planning practice guidance the relevant housing need figure can be relied upon for the purposes of plan examination for 2 years. For decision making, any proposed revisions would apply from the day of publication of the revised planning practice guidance, unless otherwise stated. This change can be implemented by changes to national planning practice guidance.

Stability and certainty

21. This approach meets the principles above as follows. In terms of stability and certainty, based on published Local Development Schemes there are approximately 50 plans that will be submitted for examination in 2019. Any of these plans that are submitted on or after the 25 January 2019 will be required to use the standard method to inform strategic housing policy. The proposed change would provide certainty and stability to these authorities and avoid the need to restart the planning process. The Government has heard from a number of authorities that the extent of change associated with 2016-based household growth projections, when compared to 2014-based projections, is already resulting in delays and uncertainty in the plan-making process.
22. There are also 62 strategic plans currently at examination. Under the transitional arrangements set out in the revised National Planning Policy Framework, these plans do not need to be informed by a housing need assessment using the standard method. However, in cases where the minimum annual housing need figure calculated using the standard method, is identifying a number below the proposed figures being taken forward by plan-making authorities, the standard method is being used as the basis to challenge previous conclusions. Considering this challenge is likely to have resource implications and has the potential to cause delays.
23. The Government notes that using the new household projections and leaving the formula unchanged means that 146 local authorities would see changes in their local housing need of more than 20 per cent (when compared to the figures at the point of consultation in September 2017). By adopting the approach above only 16¹⁰ authorities see their local housing need change by more than 20%.

¹⁰ Based on comparing the 2014-based consultation figures to the updated plan numbers and affordability ratio and 2014-based figures.

Maintaining price signals

24. In terms of maintaining price signals, this approach retains all other elements of the standard method of assessing housing need established in planning guidance. Where affordability as specified by the ratio of local median house prices to local median earnings exceeds four, the formula will continue to increase local housing need above household projections.

Consistency with our aspirations

25. In terms of consistency with the Government's aspirations for housing supply, using the 2014-based population projections, current affordability estimates and current plan status, the Government estimates that it would deliver 269,000 homes – within 3,000 of the estimates produced by the previous formula. The Government notes that the number of homes delivered through the standard methodology is lower than its aspirations for 300,000 homes. However, the number of homes permitted generally exceeds that provided for in plans, while the gap can also be bridged by ambitious authorities going above their local housing need, including through housing deals with the Government, in regions like the Cambridge-Milton Keynes-Oxford corridor where significant national infrastructure investment to support productivity growth should also enable increased housing supply and through homes delivered through permitted development rights.

Q1: Do you agree that planning practice guidance should be amended to specify that 2014-based projections will provide the demographic baseline for the standard method for a time limited period?

26. Options for changing the standard method using the 2016-based data have been considered. However all options that rely on the 2016-based data as the demographic baseline would lead to significant change at a local level (when compared to using the 2014-based data as the baseline). The Government considers that the impact this will have in delaying plan-making would represent an unacceptable consequence and therefore short term options relying on the use of the 2016-based data have been discounted.

Clarifying that 2016-based projections are not a justification for lower housing need

27. The Government considers that this is a reasonable approach in the short term because:
1. Basing the assessment of local housing need on 2016-based household projections, would either not support the Government's objective of significantly boosting the supply of homes (if other variables were unchanged) or produce major distributional changes that would produce instability for local planning authorities in general (if other variables were changed to produce an aggregate consistent with other estimates). For example, if the Government were to change the parameters of the formula to ensure the level of minimum local

housing need is consistent with previous levels¹¹ 151 local authorities would see changes in excess of 20%.

2. Although the Government generally recommends the use of the latest data in producing assessments of housing need, in this case there have been substantial changes in the method for producing the projections that have resulted in major changes in the distribution of households nationally, and the Government would like to see the new method settling down before making a decision on whether this data provides the best basis for planning; and
3. Local housing need does not represent a mandatory target – it is simply a starting point for planning, and local authorities may either choose to plan in excess of this or to conclude that they are not able to meet all housing need within their boundaries, for example due to constraints such as protected designations and Green Belt, or whether that need is better met elsewhere. This means there is flexibility for local authorities to manage movements in local housing need locally.

Q2: Do you agree with the proposed approach to not allowing 2016-based household projections to be used as a reason to justify lower housing need?

Applying the cap to spatial development strategies

28. Where the standard method for assessing local housing need is used to calculate the minimum housing need for the purposes of informing a spatial development strategy, current planning practice guidance does not specify how the cap in the standard method should be applied.

29. It is proposed to clarify in guidance that the cap should be applied to the total plan requirement figure, as opposed to capping based on the requirement figure of the individual constituent local authorities. Applying the cap to a single figure increases the simplicity of calculation.

Q3: Do you agree with the proposed approach to applying the cap to spatial development strategies?

¹¹ For example, by adjusting the affordability adjustment factor from 0.25 to 0.55 and the cap from 40% to 75%

Housing land supply

30. The revised National Planning Policy Framework uses the standard method for assessing local housing need as the baseline for housing land supply calculations where plans are considered to be out of date, as well as providing the foundation for plan-making. Minor clarifications to the relevant policy wording in the Framework, and to the glossary, are proposed to remove any ambiguity about how this aspect of national policy is intended to be applied.
31. Subject to the outcome of this consultation, the Government intends to publish updated planning guidance on housing need assessment, and a new version of the National Planning Policy Framework incorporating the policy clarifications that are proposed (including those on the definition of deliverable and appropriate assessment set out later in this consultation).
32. The basis for determining an authority's five year housing land supply requirement (as set out in paragraph 73 of the Framework) is either:
- an up to date housing requirement set out in strategic policies (where these are less than five years old, or older if they have been reviewed within the five years and do not need updating); or
 - local housing need. Using this as the baseline where policies are out of date is intended to simplify the planning application and appeals process by ensuring a consistent approach.
33. Paragraph 60 of the Framework and the definition of 'local housing need' in the glossary allow authorities to use a justified alternative approach to the standard method for calculating housing need, in exceptional circumstances. This is intended to apply only when strategic policies are being produced, rather than inviting alternative approaches and calculations of need in the determination of applications and appeals where housing land supply is a relevant matter.
34. To make this clear, we propose making two minor amendments to the text of the Framework, as follows:
- Amend footnote 37, to add at the end: "Where local housing need is used as the basis for assessing whether a five year supply of specific deliverable sites exists, it should be calculated using the standard method set out in national planning guidance".
 - Amend the definition of local housing need in the glossary to: "The number of homes identified as being needed through the application of the standard method set out in national planning guidance (or, in the context of preparing strategic policies only, this may be calculated using a justified alternative approach as provided for in paragraph 60 of this Framework)".

Q4: Do you agree with the proposed clarifications to footnote 37 and the glossary definition of local housing need?

The definition of deliverable

35. Paragraph 73 of the Framework expects local planning authorities to identify and update annually a supply of specific 'deliverable' sites sufficient to provide a minimum of five years' worth of housing against their housing requirement.
36. The new Framework published in July this year set out a revised definition of 'deliverable' (contained in the glossary at Annex 2 of the Framework). Early experience of applying this definition has suggested that it would benefit from some clarification of the wording. In particular, the existing text could be clearer that sites that are not major development, and which have only an outline planning consent, are in principle considered to be deliverable. The relationship between the first sentence of the definition (which sets out general considerations in terms of deliverability), and the remainder that explains how particular circumstances should be approached, also needs to be clear. The specific circumstances cited in the definition are intended to indicate how the general considerations in the first sentence apply to the types of development referred to in the text that follows.
37. Consequently, we propose to amend the definition of deliverable to clarify its intended application. The revised definition would be:

Deliverable: To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years. In particular:

- a) sites which do not involve major development and have planning permission, and all sites with detailed planning permission, should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within five years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans).
 - b) where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within five years.
38. To further support the application of this policy, and subject to the outcome of the present consultation, we will produce additional national planning guidance to provide further information on the way that sites with different degrees of planning certainty may be counted when calculating housing land availability.

Q5: Do you agree with the proposed clarification to the glossary definition of deliverable?

Development requiring Habitats Regulations Assessment

39. Following the ruling of the European Court of Justice on case C323/17 (*People over Wind, Peter Sweetman v Coillte Teoranta*), we propose to make one additional clarification to national planning policy.
40. The effect of the ruling is that appropriate assessment of habitats impacts is required in plan-making and decision-making whenever there is a potential impact on a habitats site, regardless of any mitigation measures proposed.
41. One of the measures which the National Planning Policy Framework takes to protect habitats sites is to disengage the presumption in favour of sustainable development where there is potential for harm to these sites. However the judgment means that sites with suitable mitigation are now excluded from the application of the presumption, which was not the intention of the policy.
42. To rectify this we propose to amend paragraph 177 of the Framework to make clear that the presumption is disapplied only where an appropriate assessment has concluded that there is no suitable mitigation strategy in place. The revised paragraph would read:
177. The presumption in favour of sustainable development does not apply where the plan or project is likely to have a significant effect on a habitats site (either alone or in combination with other plans or projects), unless an appropriate assessment has concluded that there will be no adverse effect from the plan or project on the integrity of the habitats site.
43. The European Court judgment was delivered after the consultation on the revised Framework was published in March this year. Although some consultation responses asked for an amendment to the Framework in the light of the ruling, there was not an opportunity for all interested parties to comment at the time. Alongside the minor change to paragraph 177 that we are now proposing to make, we are considering what other changes to regulations and guidance may be necessary following the European Court's ruling¹².

Q6: Do you agree with the proposed amendment to paragraph 177 of the National Planning Policy Framework?

¹² On 23 June, the EU referendum took place and the people of the United Kingdom voted to leave the European Union. Until exit negotiations are concluded, the UK remains a full member of the European Union and all the rights and obligations of EU membership remain in force. During this period the Government will continue to negotiate, implement and apply EU legislation. The outcome of these negotiations will determine what arrangements apply in relation to EU legislation in future once the UK has left the EU.

About this consultation

1. This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.
2. Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.
3. Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA), the General Data Protection Regulation, and the Environmental Information Regulations 2004).
4. If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the Freedom of Information Act and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.
5. The Ministry of Housing, Communities and Local Government will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included at Annex A.
6. Individual responses will not be acknowledged unless specifically requested.
7. Your opinions are valuable to us. Thank you for taking the time to read this document and respond.
8. Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).

Annex A

Personal data

The following is to explain your rights and give you the information you are be entitled to under the Data Protection Act 2018.

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at dataprotection@communities.gsi.gov.uk

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

The Data Protection Act 2018 states that, as a government department, MHCLG may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

We will not share your personal data with organisations outside of MHCLG without contacting you for your permission first.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for three years from the closure of the consultation.

6. Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have all or some of your data deleted or corrected
- d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. The Data you provide directly will be stored by Survey Monkey on their servers in the United States. We have taken all necessary precautions to ensure that your rights in terms of data protection will not be compromised by this.

- 8. Your personal data will not be used for any automated decision making.**
- 9. Your personal data will be stored in a secure government IT system, which will be transferred from Survey Monkey shortly after the consultation closes.**



Ministry of Housing,
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Local Government

Planning for the Future



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March 2020

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1. A home is more than four walls and a roof – it is a symbol of security and a stake in our society. The expansion of home ownership over the twentieth century created a fairer Britain, with prosperity and opportunity spread more evenly among its people. It meant that wherever people grew up, they had the chance to save for and buy a safe place to live. A home where they could spend time with their friends, raise their families and be part of a community.
2. This government believes in supporting people who are working hard to own their home and we are making progress. Last year, we delivered over 241,000 homes, more new homes than at any point in the last 30 years; the proportion of young homeowners increased after declining for more than a decade; and since 2010, 1.5 million more homes have been delivered. Yet, for many who are still trapped paying high rents and struggling to save for a deposit, home ownership seems like a dream which is increasingly out of reach.
3. Our children should be able to put down roots in the places where they grew up, rather than being priced out and forced to move away. That's why this government is committed to rebuilding a home-owning Britain: a country where the young and future generations have the same opportunities as those who came before them. The simple truth is that this will not be possible unless we work together, across the country, to build more homes and take action to remove the barriers to getting onto the housing ladder.
4. We must ensure security for those who do not own their homes. We need to deliver a rental system that is fit for the modern day – one that protects tenants and supports landlords to provide the homes the nation needs. We also need to prevent people from falling into homelessness by building more affordable homes and ensure that those living in social housing are treated with the dignity and respect they deserve. It is also why we are working to end rough sleeping and supporting the most vulnerable in society.
5. To achieve this mission, the government will bring forward a series of major publications and legislate to deliver lasting change. This will start with an ambitious Planning White Paper in the Spring to modernise our planning system, ensuring it supports the delivery of homes that local people need and creates more beautiful and greener communities. We will introduce a Building Safety Bill to bring about the biggest change in building safety for a generation and a Renters' Reform Bill to provide greater stability for those who rent their homes. To ensure that residents in social homes are treated fairly we will publish a Social Housing White Paper. Taken together these will form the bedrock of a housing strategy to be published later in the year, setting out our longer-term plans to deliver the homes this country needs and create a fairer housing market.

Supporting communities to deliver more homes for local people

6. Technology, the way we work and live and our understanding of the value of the environment have been transformed since the Town and Country Planning Act of 1947. The planning process has failed to keep pace. It is now complex, out-of-date and fails to deliver enough homes where they are needed. We will act to change this.

7. In the Spring, we will publish an ambitious Planning White Paper which offers creative solutions to establish a planning system that works for the next century. We will take a fresh and sensible look at planning rules to support local areas to plan, especially in the urban areas where they are most needed. We will also modernise the system, accelerate planning decisions and make it easier for communities to engage and play a role in decisions which affect them.
8. In advance of this, the government is now setting out a number of reforms that will encourage local authorities to take a more proactive approach to enabling home building across the country. This includes supporting them to consider innovative options, such as housing-led regeneration of their high streets, building upwards on already developed land and stations, densifying gently in existing residential areas and making the most of their under-utilised brownfield land. Alongside this, the government will introduce measures to encourage authorities to put ambitious plans in place now and incentivise them to play their part in delivering the homes this country needs.
9. As set out in the Budget yesterday, these planning changes will be underpinned by an additional £10.9 billion of funding. This will support communities to regenerate brownfield land, invest in new infrastructure and provide more homes for local people, with better access to jobs, schools and opportunities. Together, these changes will:
10. Promote more, well-planned development where homes are needed. The Government will back brownfield, encouraging greater building in urban areas. We will introduce new tools to support communities to densify and make best use of their underutilised brownfield land. These will include:
 - **Investing £400m to use brownfield land productively** – the Government will work with ambitious mayors and local leaders to regenerate local brownfield land and deliver the homes their communities need on land which is already developed.
 - **Launching a national brownfield map and a call for proposals for building above stations** – the government will launch a national brownfield sites map in April 2020 and will conduct a call for proposals to seek evidence on the barriers to, and opportunities in, building above stations in urban areas. It is vital that we make the most of existing transport hubs, encouraging modern, green communities where people live close to public transport.
 - **Reviewing the formula for calculating Local Housing Need** – we will introduce a new approach which encourages greater building within and near to urban areas and makes sure the country is planning for the delivery of 300,000 new homes a year.
 - **Introducing new rules to encourage building upwards, increasing density in line with local character and make the most of local infrastructure** – we will introduce new permitted development rights for building upwards on existing buildings by summer 2020, including to extend residential blocks by up to two storeys and to deliver new and bigger homes. We will also consult on the detail of a new permitted development right to allow vacant commercial buildings, industrial buildings and residential blocks to be demolished and replaced with well-designed new residential units which meet natural light standards.

- **Supporting community and self-build housing** – we will support those who want to build their own homes to find plots of land and provide help to parish councils and neighbourhood forums who wish to build a small number of homes to allow their communities to grow organically, providing homes for the next generation and those wishing to downsize.
- **Backing the Oxford-Cambridge Arc, including a new spatial framework and up to 4 new development corporations** – the Arc has the potential to be a world-leading green growth corridor, with high-productivity jobs and environmentally-friendly developments. The Spatial Framework will give certainty to businesses and developers about where new housing and employment will be delivered until 2050 and support planning for the right infrastructure to meet social, environmental and economic needs. The government is also going to examine and develop the case for up to four new Development Corporations in the Ox-Cam Arc, subject to necessary public consultation, in or around Bedford, St Neots/Sandy, Cambourne and Cambridge, which includes plans to explore the case for a New Town at Cambridge, to accelerate new housing and infrastructure development.

11. Ensure that communities make land sufficiently available to deliver homes in the right places. A plan for local housing need is only as good as the results it delivers. We will introduce new changes to ensure that land, sites and homes come forward on time and incentivise authorities to deliver more homes. This includes:

- **Setting a deadline for all local authorities to have an up-to-date local plan** – the government will require all local planning authorities to have up-to-date local plans by December 2023. The government will prepare to intervene where local authorities fail to meet the deadline in accordance with the existing statutory powers, considering appropriate action on a case by case basis.
- **Continuing to drive supply through the Housing Delivery Test** – we will continue with plans to raise the Housing Delivery test threshold to 75% in November 2020, incentivising local authorities to deliver on their local plans.
- **Reforming the New Homes Bonus (NHB) to reward delivery** – those authorities who strive to build more homes where they are most needed should be rewarded. The government will consult on reforming the NHB in Spring to incentivise greater delivery and ensure that where authorities are building more homes, they have access to greater funding to provide services for those who move into them.

12. Deliver on our commitment to infrastructure first. We will provide local authorities with greater funding for infrastructure, ensuring that those who strive to build enough homes for their communities and make the most of brownfield land and urban areas are able to access sufficient resources. This includes:

- **Investing another £1.1 billion in local infrastructure to unlock almost 70,000 new homes** – our infrastructure-first approach to building new homes means putting in the transport, utilities, digital connectivity and community services like schools and hospitals early, so that new developments do not put strain on local services. The Budget set out that over £1.1 billion will be provided to fund key infrastructure schemes from Surrey to Sunderland, including new roads, transport links, flood defences, leisure and healthcare facilities, digital and power networks and schools.

To date we have allocated over £4 billion through the Housing Infrastructure Fund (HIF) to unlock up to 340,000 new homes.

- **A new £10 billion Single Housing Infrastructure Fund** – as set out in the Conservative manifesto, we will also build on this infrastructure investment with a new long-term, flexible fund which will give confidence to communities, developers and local authorities. Details of the funding will be announced alongside the Spending Review. Homes England will engage with local authorities and the wider market to build a pipeline of opportunities up and down the country.

13. Speed up the planning system. In the Spring, we will publish a bold and ambitious Planning White Paper. It will propose measures to accelerate planning. It will maximise the potential of new technologies to modernise the system. It will make it easier for communities to understand the planning system and play a role in decisions that affect them. Together, the measures it puts forward will set out a pathway to a new English planning system which is fit for the future. The White Paper will reflect international best practice, create more space for innovation and new approaches and ensure that planning reflects our aspirations to level up across the country. We want a planning system that supports beautiful design; and, meets the challenges of climate change as well as building the homes this country needs. As part of this the government will:

- **Reform planning fees to create a world-class planning service** – we will introduce a new planning fee structure to ensure that planning authorities are properly resourced to improve the speed and quality of their decisions. This will be linked to a new performance framework to ensure performance improvements across the planning service for all users.
- **Automatic rebates where planning applications are successful at appeal** – to promote proper consideration of applications by planning committees, where applications are refused applicants will be entitled to an automatic rebate of their planning application fee if they are successful at appeal.
- **Ensure land for housing is built out** – we will act to make it clearer who owns land by requiring greater transparency on land options. We will explore wider options to encourage planning permissions to be built out more quickly.
- **Expand the use of zoning tools to support development** – the government will outline further support for local areas to simplify the process of granting planning permission for residential and commercial development through zoning tools, such as Local Development Orders. The government will trial the use of templates for drafting LDOs and other zonal tools to create simpler models and financial incentives to support more effective use. The government has also launched a consultation on a new UK Freeport model, including on how zoning could be better used to support accompanying development.
- **Improve the effectiveness, take-up and role of Compulsory Purchase Orders to help facilitate land assembly and infrastructure delivery** – MHCLG will introduce further support and expertise to LAs to give greater confidence in using CPO powers and will consult on legislative reforms to speed up the decision-making process. The government intends to consult on: introducing statutory timescales for decisions; ending the automatic right to public inquiry; encouraging early agreements on compensations; and exploring the scope to remit more decisions back to LAs; as well as wider reform.

Helping first time buyers onto the housing ladder

14. This government will reset our national homeownership offer, providing new routes to home ownership and ensuring that local people and key workers can have the opportunity to build a life in their own community. To support more people into home ownership, we will:

- **Cut the cost of new homes through the new First Homes scheme** – the biggest barrier to ownership is saving for a deposit, and we are consulting on a new First Homes scheme that will address this. The scheme will cut the cost of many new homes by a third, creating a new generation of homeowners. This will lower the cost of buying a home by an average of £70,000 for eligible first time buyers, improving the prospects for people who find the market unaffordable. The discount will be locked into the property in perpetuity – meaning that future generations will continue to benefit from the discount offered. All homeowners remember getting the keys to their first home, and this Government wants people to realise this moment as quickly as possible. Over the coming weeks and months, we will be looking to partner with developers and local authorities to be the front runners in delivering the first wave of first homes.
- **Explore encouraging a market for long-term fixed rate mortgages** – the Government will work with lenders to explore what can be done to encourage a market in long-term fixed rate mortgages. We will also look at what benefits these could bring to consumers, including whether they have the potential to keep deposits low for first time buyers looking to get on the housing ladder.
- **Make the route to ownership simpler and more affordable through a new national Shared Ownership model** – we want to have an ownership offer available to people on different incomes so it's important to us that people on lower incomes who want to own their own home, but cannot see a route to achieving that goal, are helped onto the housing ladder. Our new national model for shared ownership will be more consumer friendly, fairer and more accessible.

Creating beautiful, sustainable places

15. Giving people a stake in society also means ensuring that we are delivering the sorts of homes where people want to raise their children, to grow old together and can be good neighbours. Collectively, we need to remember how to build beautiful homes and create beautiful places. The government will take action to encourage more beautiful design and to ensure local authorities have the support they need to demand higher standards. We will:

- **Revise the National Planning Policy Framework (NPPF) to embed the principles of good design and placemaking** – this will make clear that high-quality buildings and places must be considered throughout the planning process. The framework will expand on the fundamental principles of good design to define what is expected of local authorities and developers to support the creation of beautiful places.
- **Respond to the Building Better, Building Beautiful Commission's report** – we will look to take forward many of the Commission's recommendations, which include

calling for urban tree planting and giving communities a greater opportunity to influence design standards in their area. This will put tree lined streets at the centre of future plans, so that they become the norm not the exception.

- **Give local authorities the ability to ensure that new homes conform to local residents' ideas of beauty through the planning system** – using the National Model Design Code we will set out clear parameters for promoting the design and style of homes and neighbourhoods local people want to see. We will ask local places to produce their own design guides and codes, informed by listening to local people and considering local context. This will embed standards in planning policy and give local communities the confidence to demand that they are met.

16. We will also work tirelessly as part of this Government's wider commitment to net zero emissions by 2050, delivering a green housing revolution of attractive and environmentally friendly homes. To achieve this, we will:

- **Review our policy for building in areas at flood risk** – alongside our £5.2 billion investment in additional flood defences announced yesterday, we will seek to ensure that communities across the country know that future development will be safe from floods. We will assess whether current protections in the NPPF are enough and consider options for further reform, which will inform our wider ambitions for a new planning system.
- **Introduce a Future Homes Standard (FHS)** – from 2025, the FHS will require up to 80% lower carbon emissions for all new homes. This will help bring an environmental revolution to home building – tackling climate change while keeping household bills low. This will ensure everyone, including developers, is doing their bit to protect the environment.
- **Establish a Net Zero development in Toton in the East Midlands** – we will explore options for regeneration around Toton, including potential delivery vehicles such as Development Corporations.

Ensuring affordable, safe and secure housing for all

17. We are committed to improving access to safe and high-quality housing, improving affordability and putting in place measures so that all homes are built properly with the right materials and that residents, whether they are home owners or renters, have access to a simple and consumer-friendly process for making complaints. To achieve this, we are:

- **Renewing our commitment to affordable housing** – in the Budget we announced a £12 billion investment in Affordable Homes – the biggest cash investment in affordable housing for a decade. This is expected to bring in around a further £38 billion public and private investment. This new 5-year investment will deliver more affordable housing, help more people to own their own home, and build more social rent homes, helping those most at risk of homelessness in areas of the country where affordability is most acute.
- **Publishing the Social Housing White Paper** – this will bring forward reforms to ensure that residents in social homes are treated with dignity and respect. These

measures will empower tenants, provide better redress and regulation and improve the quality of social housing. This will include a simple and effective end-to-end process when tenants have complaints.

- **Making a further £1 billion available to support remediation for building safety** – Prior to the new regulatory regime, the government will be investing an additional £1 billion in 20/21 to support the remediation of unsafe non-ACM cladding in private and social residential buildings above 18 metres. This will be over and above the £600 million ACM remediation fund. This intervention is based on the advice of experts such as Dame Judith Hackitt, and we are clear that this will be the limit to the Government's funding support for remediation. In the private sector this investment will be for the benefit of leaseholders and in the social sector it will focus on those landlords who are unable to pay, ensuring the necessary works take place and cost is not a barrier to remediation. We expect building owners who have already committed to fund remedial works without passing on the costs to leaseholders to stick to these commitments.
- **Protecting new homeowners through the New Homes Ombudsman** – we must raise the game of house builders across the sector and stop rogue developers from getting away with shoddy building work. The New Homes Ombudsman will ensure that homebuyers can access help when they need it and get them the compensation they deserve.
- **Ensuring renters are treated fairly through the Renters' Reform Bill** – we will improve security for tenants by abolishing the use of 'no fault evictions' so that tenants can put down roots in their communities and plan for their long-term future. We will introduce a new 'lifetime tenancy deposit' and support good landlords to continue to provide the homes the country needs.
- **Commencing a review and pledging over £640 million to end rough sleeping** – rough sleeping is a moral shame which we must address head on. The government is committed to ending rough sleeping in this Parliament. We are now bringing the total funding for 'move on' accommodation to £381 million which will enable refurbishment, acquisition and leasing of properties specifically for rough sleepers, together with vital support that will enable them to sustain those tenancies where otherwise they may be at risk of falling out of housing. We are also pledging an additional £262 million for rough sleeper substance misuse services; because we believe that the root causes of rough sleeping are as much substance misuse, alcohol dependency and mental health, as they are housing. And the urgent review, led by Dame Louise Casey, will advise on what additional action is required to end rough sleeping within this Parliament.

Laying the foundations for affordable, green and beautiful homes for everyone

18. Over the spring and summer, the government will work with local authorities, Small and Medium-Sized Enterprise (SME) housebuilders, local groups, the construction industry and others to shape a long-term programme of reform for the country's planning system and housing market.

19. This will be a comprehensive review of what does and does not work currently and will inform our new Planning White Paper and our housing strategy, to be published alongside the Spending Review. In these the government will set out a detailed vision of what the country's housing and land markets should be like come 2030, as well as plans for how we will get there.
20. The work will include, but not be limited to considering:
- how to restore the dream of home ownership to more people;
 - how to modernise the sector and its workforce;
 - how to partner with places to build beautiful and go green;
 - how to ensure affordable, quality, safe housing for all; and
 - how to align housing with wider infrastructure to boost productivity and growth.
21. In the next year, the government will bring forward major publications and legislation, including:
- Setting out a detailed housing strategy, including our plans to create a housing market that works for people across the country;
 - The Planning White Paper to deliver common sense planning reforms to get Britain building, and our response to the Building Better, Building Beautiful Commission report and recommendations;
 - The Building Safety Bill to ensure we have one of the safest building safety regimes in the world;
 - The Renters' Reform Bill to provide stability to those who rent; and
 - The Social Housing White Paper to ensure that residents in social homes are treated with the dignity and respect we all expect.
22. We will pursue these challenges by looking at the needs of local places, different models of delivery and funding, and how to balance measures to boost supply with measures to improve existing stock. To underpin this work, we will continue to transform Homes England, into a more muscular agency that is better able to drive up delivery. Critically, the work will also answer the question of how to ensure the housing sector meets the country's ambitious targets on decarbonisation.
23. We will give people the chance to own their own home. We will seek to build more homes, and we will do so as members of a responsible society – proud of the places and the environment we inherited, eager to care for and enhance it and determined to give the next generation the capital and the stake in our country a successful economy and democracy demands. We will ensure affordable, safe, quality housing for all as part of our mission to level up, unite and unleash the potential of this country, support towns and high streets, and ensure communities have a real sense of place.



Ministry of Housing,
Communities &
Local Government

Changes to the current planning system

Consultation on changes to planning policy and regulations



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August 2020

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Scope of the consultation

Topic of this consultation:	This consultation seeks views on a range of proposed changes to the current planning system including: <ul style="list-style-type: none"> • changes to the standard method for assessing local housing need • securing of First Homes through developer contributions • temporarily lifting the small sites threshold • extending the current Permission in Principle to major development
Scope of this consultation:	The Ministry of Housing, Communities and Local Government is consulting on changes to planning policy and legislation.
Geographical scope:	These proposals relate to England only.
Impact Assessment:	N/A

Basic Information

To:	This consultation is open to everyone. We are keen to hear from a wide range of interested parties from across the public and private sectors, as well as from the general public.
Body/bodies responsible for the consultation:	Ministry of Housing, Communities and Local Government
Duration:	This consultation will last for 8 weeks from 06 August 2020 and will close at 23.45 on Thursday 1 st October 2020.
Enquiries:	For any enquiries about the consultation please contact: TechnicalPlanningConsultation@communities.gov.uk
How to respond:	You may respond by going to our website: www.gov.uk/government/consultations/changes-to-the-current-planning-system Alternatively you can email your response to the questions in this consultation to: TechnicalPlanningConsultation@communities.gov.uk If you are responding in writing, please make it clear which questions you are responding to.

Written responses should be sent to:
Changes to the current planning system consultation
Ministry of Housing, Communities and Local Government,
3rd Floor, South East Fry Building
2 Marsham Street
LONDON
SW1P 4DF

When you reply it would be very useful if you confirm whether you are replying as an individual or submitting an official response on behalf of an organisation and include:

- your name,
- your position (if applicable), and
- the name of organisation (if applicable).

Introduction

1. Since 2010 the Government has introduced planning reforms to improve the current system. In 2010 only 17% of local authorities had local plans in place and now 91% of local authorities have plans. Over 2,700 groups have started the neighbourhood planning process since 2012. We've delivered over 1.5 million new homes since 2010 including over 241,000 last year alone – that's the highest level for over 30 years. And planning permissions for new homes have more than doubled since 2010. But this isn't enough – we want to deliver the housing people need because happier, more rooted communities bring our country together.
2. *Planning for the Future*¹ sets out plans to undertake a fundamental reform of the planning system and explains that this would be accompanied by shorter-term measures. This consultation sets out proposals for measures to improve the effectiveness of the current system. The four main proposals are:
 - changes to the standard method for assessing local housing need, which as well as being a proposal to change guidance in the short term has relevance to proposals for land supply reforms set out in *Planning for the Future*;
 - securing of First Homes, sold at a discount to market price for first time buyers, including key workers, through developer contributions in the short term until the transition to a new system;
 - temporarily lifting the small sites threshold below which developers do not need to contribute to affordable housing, to up to 40 or 50 units to support SME builders as the economy recovers from the impact of Covid-19;
 - extending the current Permission in Principle to major development so landowners and developers now have a fast route to secure the principle of development for housing on sites without having to work up detailed plans first.

¹ See *Planning for the Future* <https://www.gov.uk/government/consultations/planning-for-the-future>

The standard method for assessing housing numbers in strategic plans

3. This consultation is seeking views on changes to planning practice guidance on the standard method for assessing local housing need (“the standard method”). The standard method provides the starting point for planning for housing and does not establish the housing requirement.
4. The standard method was first implemented in 2018 through the revised National Planning Policy Framework² to make assessing the minimum number of homes needed in an area easier, cheaper and more transparent. In February 2019, following the technical consultation on updates to national planning policy and guidance, a short-term change was made to the standard method. At the same time, a commitment was made to review the formula to balance the need for clarity, simplicity and transparency for local communities with the Government’s aspirations for the housing market.
5. This part of the consultation is about the standard method for assessing local housing need. There are wider policy proposals for introducing a standard method for setting binding housing requirements, set out in the separate consultation *Planning for the Future*³. It is the Government’s intention that the method set out in this document would form part of the process for setting any binding housing requirement. However, this consultation does not set out how this binding requirement would be calculated, which will be determined following the *Planning for the Future* consultation. Instead, it proposes a revised standard method for calculating local housing need which will be used as the basis for plans created prior to any changes outlined in *Planning for the Future* being introduced.

Boosting Supply

6. This consultation should be read in the context of the wider government reforms *Planning for the Future* in relation to the planning system and in particular the reforms to ensure sufficient land is released for homes. As this sets out, our aspirations are to create a housing market that is capable of delivering 300,000 homes annually and one million homes over this Parliament. Adopted local plans, where they are in place, provide for 187,000 homes per year across England – not just significantly below our ambition for 300,000 new homes annually, but also lower than the number of homes delivered last year (241,000).

² <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

³ See the wider reform policy paper Proposal 4 within *Planning for the Future*.

The role of the standard method in strategic plans

7. Plans are a key vehicle for ensuring that the community gets its chance to shape the development that takes place in its area. The standard method identifies the minimum number of homes that a local authority should plan for in an area. The National Planning Policy Framework is clear that this number should be considered in making sure enough land is identified to accommodate the new homes our communities need. Once the quantity of homes has been identified by the standard method, the supporting policy encourages local authorities to then consider how these can best be accommodated – through a combination of intensification and densification of brownfield land, regeneration of former commercial sites and under-used sites such as car parks, through well-planned new settlements and urban expansions.

8. The National Planning Policy Framework and associated planning practice guidance⁴ set out that local areas should identify enough land by using the housing need reflected by the standard method to:
 - a. identify the minimum number of homes that their communities need;
 - b. consider whether local circumstances mean that actual need is higher than that minimum (because, for example, strategic infrastructure is expected or growth beyond past trends is anticipated);
 - c. seek as a minimum to meet those needs by ensuring that sufficient land can be released over at least the next 15 years.

9. By directing that sufficient land should be released as above, the amount of need identified by the standard method has a direct influence on how many homes will be built in the future. It does not ensure that the homes are actually built - that is reliant on wider market conditions and targeted government interventions to support the market. However, identifying sufficient land so that the market is not prevented from delivering the homes that are needed is vitally important to prevent the under-delivery of the past from continuing to happen.

10. The overall level of need identified by the standard method therefore needs to be sufficient to ensure that land supply does not become a limiter in achieving national supply aspirations.

⁴ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

The current standard method for assessing local housing need

11. The Government introduced the standard method to make the process of identifying the level of need in an area simple, quick and transparent. Previously, local authorities spent time and money estimating need and these numbers were heavily contested at examination. The standard method is designed to cut this time and ensure that the plan-making process focuses on how and where the homes can best be built, how they can be best designed and how the infrastructure can be aligned rather than time-consuming debates about the number of homes. The Government is clear that the standard method has an important role in achieving these ends and that it should continue to be: an easy and transparent process for people to understand; based on publicly available data; and reflect the need for homes in an area by taking in account the affordability of homes locally.
12. Currently, the method comprises a baseline of household projections which are then adjusted to take account of affordability and capped to limit the increase for areas. Step 1 of the current method sets the baseline using a 10-year average of the 2014-based national household growth projections. Step 2 goes on to adjust the Step 1 outcome based on the affordability of the area, using the most recent median workplace-based affordability ratios so that for each 1% the ratio is above 4, the average household growth is increased by a quarter of a percent (with a ratio of 8 representing a 100% increase). Step 3 then applies a 40% cap to limit the increases an individual local authority can face. The way this cap is applied depends on the current status of an area's strategic policies for housing.
13. Household projections, used in the current method, have attracted criticism for their volatility and the way in which they can result in artificially low projections in some places, where overcrowding and concealed households suppress the numbers. Crucially, they cannot in isolation forecast housing need – they project past trends forward. Despite this, we have seen many progress arguments that recent reductions in projected growth should lead to less homes being built. This should not be the logical conclusion, as the Office for National Statistics (ONS) has clarified^{5& 6}.
14. Improvements on the standard method are designed in order to:
 - a. Ensure it is more agile in using up-to-date data. We announced in the February 2019 Government response to the technical consultation on updates to national planning policy and guidance⁷, that the standard method would remain based on the 2014-based household projections. While this

⁵ <https://blog.ons.gov.uk/2018/10/19/what-our-household-projections-really-show/>

⁶

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/articles/variant-household-projections-for-england/2016-based#things-you-need-to-know-about-this-release>

⁷ <https://www.gov.uk/government/consultations/changes-to-planning-policy-and-guidance-including-the-standard-method-for-assessing-local-housing-need>

was an appropriate solution in the short-term, a new standard method is intended to be more agile in using the most recent data.

- b. Achieve a better distribution of homes where homes are identified in more high-demand areas and in emerging demand areas across the country (such as the Northern Powerhouse). This will help avoid issues where unaffordable areas in high demand are planning for low numbers of homes due to past trends of suppressed household formation. In addition, the Government has heard powerful representations that the current formula underestimates demand for housing in the growing cities in the Northern Powerhouse by being based on historic trends.
- c. Provide stability to the method by smoothing out areas of potential volatility so that the basis on which local authorities are expected to plan for is more predictable.
- d. Be consistent with the Government's ambition for a housing market that supports 300,000 homes by creating a method with a suitable overall national number that enables achievement of this aim.

15. The Government has welcomed contributions from experts, including Savills⁸ and Lichfields⁹, on helpful proposals on how to adjust the methodology to address better these issues of alignment with real demand, stability, and consistency with the overall 300,000 target. There is general support for incorporating housing stock into the methodology, as a way of balancing out some of the issues identified with relying on household projections in isolation. We have taken into consideration the varied and useful feedback, both on the individual data inputs and also on how these might be applied in informing options for consideration.

16. In line with our commitments¹⁰, we are now proposing a revised standard method which aligns with the Government's aspirations for the housing market. This should provide stability and certainty for all stakeholders and seek to address the issues with the current approach and use of household projections identified above.

The Government's proposed approach

17. The Government has based the proposed new approach on a number of principles for reform. These include ensuring that the new standard method delivers a number nationally that is consistent with the commitment to plan for the delivery of 300,000 new homes a year, a focus on achieving a more appropriate distribution of homes, and on targeting more homes into areas where they are least affordable.

18. The standard method results in a local authority-wide number that needs to be planned for. The local area then decides how and where in their authority that need is best met in accordance with national policy. The supporting policy is not the

⁸ <https://pdf.euro.savills.co.uk/uk/spotlight-on/housing-need-and-the-standard-method-may-2020.pdf>

⁹ <https://lichfields.uk/blog/2020/may/21/setting-the-standard-towards-a-new-method-for-housing-need/>

¹⁰ <https://www.gov.uk/government/publications/planning-for-the-future>

subject of this consultation, but wider reforms proposed in the *Planning for the Future* consultation are focusing on how land supply policies would operate going forward. As such, this standard method provides the starting point and not the final housing requirement.

19. The new standard method should ensure that all areas of the country are encouraged to build the homes their communities need. The reasons for which homes are needed varies in different areas of the country. In some areas, new homes can play a vital role in schemes to regenerate deprived areas. In others the existing stock doesn't meet the needs of the existing communities in terms of providing the right size, type and tenure for different groups within the community and new homes are required to address this.
20. We therefore propose to introduce a new element into the standard method, a percentage of existing housing stock levels, which takes into account the number of homes that are already in an area. This should ensure that diverse housing needs in all parts of the country are taken into account. It should also offer the stability and predictability which has been absent when solely relying on household projections.
21. However, household projections, which are based on freely and publicly accessible data available at a local authority level, are still the most robust estimates of future growth trends. Projections have been used for decades in the planning system as a basis for future housing land requirements due to their simple and relatable concept of linking housing growth to the population. Therefore, we propose to retain a role for them as part of the new blended approach which takes account of stock. This helps achieve the stability and distributional benefits offered by stock whilst not losing the benefits of using projections. Further details of the exact approach are set out below.
22. The Government also proposes to introduce an affordability adjustment that takes into account changes over time, in addition to the existing approach of considering absolute affordability. This will increase the overall emphasis on affordability in the formula and ensure that the revised standard method is more responsive to changing local circumstances, so that homes are planned for where they are least affordable. For example, where affordability improves, this will be reflected by lower need for housing being identified. The Government also proposes to remove the cap which artificially suppresses the level of housing identified.

Step 1

Setting the baseline – providing stability and certainty by incorporating a blend of household projections and stock

23. We consider that the **baseline for the standard method should be *whichever is the higher of 0.5% of existing housing stock in each local authority OR the latest projected average annual household growth over a 10-year period.***

24. Recognising the limitations of household projections for the purposes of identifying housing need, the Government considers that they continue to remain the best way of projecting forward likely trends in household formation. Household projections therefore continue to form a part of the baseline, but will act as a “top-up” to a basic percentage of existing stock in each area. This allows areas that experience significant increases in projections compared to existing stock to plan for the homes they may need as a result of recent trends. This results in a “higher of” approach.
25. Focusing the new standard method baseline on stock with a household projections “top-up” helps bring stability to the method. This is because stock is stable and does not vary significantly, unlike a household projections-only approach. It is based on current data, and is also a tangible and easily understandable concept. Using stock will ensure that all areas, as a minimum, are contributing a share of the national total, proportionate to the size of their current housing market. Basing the approach on stock also helps to reinforce development in existing urban areas, thereby ensuring that new homes can maximise existing infrastructure such as public transport, schools, medical facilities and shops.
26. We propose a simple 0.5% of existing stock as a starting point for the baseline. The most robust data source of stock levels is the annually published **Dwelling stock estimates by local authority districts¹¹ and the most recent data published at the time should be used**. The number of net additional dwellings delivered in 2018-19 represents an increase of approximately 1% on the previous dwelling stock estimate of 24.2 million dwellings in England as at March 2018. 0.5% represents a basic level of increase in all areas without putting a disproportionate emphasis on existing stock levels.
27. The **household projections element of the baseline will use the latest ONS national household growth projections¹²** for the local authority area (Principal projection, table 406). The projected **average annual household growth over a 10-year period** (10 consecutive years, with the current year being used as the starting point from which to calculate growth over that period) will be used.
28. **Whichever is higher of 0.5% of existing stock or the projected average annual household growth over a 10-year period will be used as the baseline**. Note the overall outcome of the baseline should not be considered in isolation, as it forms proportionately less of the overall need number than the current standard method does. This is because the revised formula puts a greater weighting on market signals in Step 2.

¹¹ <https://www.gov.uk/government/collections/dwelling-stock-including-vacants> (Table 125)

¹²

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforengland>

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?*

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.

Step 2

Adjusting for market signals – maintaining price signals using the current affordability ratio and the change in affordability over the last 10 years

29. We propose the standard method will include two adjustments to the baseline using **the workplace-based median house price to median earnings ratio¹³**. Initially it is proposed that the **ratio for the most recent year for which data is available** in order to address current affordability of homes would be used. Then **how affordability has changed over the last 10 years of published data** would be incorporated, using that same statistic.

30. The precise formula is as follows:

Adjustment Factor

$$= \left[\left(\left(\frac{\text{Local affordability ratio}_{t=0} - 4}{4} \right) \times 0.25 \right) + \left((\text{Local affordability ratio}_{t=0} - \text{Local affordability ratio}_{t=-10}) \times 0.25 \right) \right] + 1$$

Where $t = 0$ is current year and $t = -10$ is 10 years back.

31. The Government considers that price signals, in the form of an affordability adjustment, are an integral part of the standard method. High house prices indicate a relative imbalance between the supply and demand for new homes, making homes less affordable. The affordability of homes is the best evidence that supply is not keeping up with demand.

32. The workplace-based median house price to median earnings ratio is a nationally recognised and robust publicly available national statistic. It reflects the relationship between local house prices and earnings and is relatively stable over time. Using a ratio based on house price aligns with Government aspirations about home ownership and importantly it ensures that the standard method is responsive and

¹³

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

targeted to where affordability issues are most acute. Consideration has been given to the relative merits of the house price to workplace-based earnings ratio against the house price to residence-based earnings ratio. The workplace-based ratio (used in the current standard method) is felt to be most appropriate.

33. Using the most recent ratio enables an assessment of current affordability in an area. This ensures the formula responds to the most recent data. Incorporating an affordability trend over a 10-year period enables an assessment of the direction of travel in an authority area. Where affordability improves, a proportionately lower need level will be established. However, if an area's affordability worsens, then the housing need identified will be proportionately higher.
34. The affordability adjustment is a two part method aimed to deliver greater overall emphasis on affordability than in the current standard method. It is also designed to factor affordability changes over a 10-year period.
35. Part one of the affordability adjustment follows a similar method to that used in the current standard method. For each 1% the ratio is above 4, the baseline is increased by a quarter of a percent. Current guidance states that no adjustment is applied where the ratio is 4 or below. However, now that stock helps to stabilise the baseline, the affordability element of the new standard method can be responsive in areas where affordability is below 4 and we propose to amend guidance to this effect.
36. The formula now allows for downwards adjustments, where for each 1% the ratio is below 4, the baseline is decreased by a quarter of a percent. This means that these areas would not experience an uplift on the baseline as a result of this element of the formula. Four is the threshold as four times a person's earnings¹⁴ is the maximum amount that can typically be borrowed for a mortgage - if an average worker cannot get a mortgage for an average home in the area without additional help then there are not enough homes in the area.
37. Part two of the affordability adjustment focuses on the absolute difference between the latest affordability ratio and the affordability ratio 10 years ago. The difference calculated is multiplied by a factor of 0.25. This emphasis puts more pressure on local authorities whose affordability ratio has increased over the 10-year time frame, but likewise allows for local authorities whose ratio has improved to benefit from reductions in their affordability adjustment.
38. The affordability adjustment in part one and part two are added together (with a constant of 1), to reach a total affordability factor which is subsequently applied to the baseline. The combined effect is an increased responsiveness to affordability, reflecting the importance that the Government attaches to this.

¹⁴ The Council Mortgage Lenders found that in 2015 the average first time buyer loan to income ratio in England was 3.61.

39. Unlike the previous method, the new standard method does not have a cap applied to limit the level of increase for individual authorities. The Government is clear that in order to significantly boost the supply of homes and address the past under-supply as quickly as possible, a step change is needed. Capping the level of need is not compatible with this aim. In no longer applying a cap, the resultant housing need is the level of need that authorities should be planning to release land for, according to their specific circumstances.

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.

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.

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

Result of the revised standard method

40. The new standard method results in a national housing need of 337,000 on the basis of currently available data. This is the starting point for planning and not the final housing requirement. Not all homes that are planned for are built, therefore the new standard method total is designed to provide enough land to account for the drop-off rate between permissions and completions.

41. The revised method identifies 76% of local housing need nationally focused in local authorities classified as urban (10,000 people of more in a built-up area – i.e. major and minor conurbations, cities and towns and towns in a sparse setting) by the 2011 ONS classification¹⁵. This will make the most of our transport hubs, support the objectives of brownfield-first and gently densifying urban areas, including building upwards where appropriate.

42. At a local authority level, the revised method will affect individual authorities differently. 141 authorities (excluding London boroughs) have a change of over 25% when compared to the higher of what areas have most recently planned for or the number produced by the current standard method.

Transition

43. The Government is aware that any change in the standard method will have an impact for plans that are currently under development, as authorities expend

¹⁵

<https://www.ons.gov.uk/methodology/geography/geographicalproducts/ruralurbanclassifications/2011ruralurbanclassification>

considerable resources in developing new plans. To enable an orderly transition to the revised standard method, and achieve as much short-term supply as possible while setting the right expectations for early stage plan-making, **we propose that from the publication date of the revised guidance, authorities which are already at the second stage of the strategic plan consultation process (Regulation 19)¹⁶ are given 6 months to submit¹⁷ their plan to the Planning Inspectorate for examination. Authorities close to publishing their second stage consultation (Regulation 19)¹⁸, 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.** This is to strike a balance between allowing an appropriate transition period for plans that are nearly through the process, but without causing a significant delay in planning for a higher level of need.

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?

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

Please see question 35 for any comments relating to the Public Sector Equality Duty and the standard method.

¹⁶ For Spatial Development Strategies this would refer to consultation under s335(2) of the Greater London Authority Act 1999

¹⁷ For spatial development strategies, 'submission' in this context means the point at which the Mayor sends to the Panel copies of all representations made in accordance with regulation 8(1) of the Town and Country Planning (London Spatial Development Strategy) Regulations 2000, or equivalent.

¹⁸ See footnote 17 above

Next steps

44. Following the outcome of this consultation, the Government will update the planning practice guidance with the revised standard method for assessing local housing need.

Delivering First Homes

45. This Government is committed to supporting people to make the dream of home ownership a reality. Over 644,000 households have now been helped by Government schemes, including Help to Buy and Right to Buy, and we are taking steps to ramp up the supply of new housing. We are undertaking the most radical reforms to our planning system since the Second World War, making it easier to build homes where they are most needed. Our £400m Brownfield Land Fund and Home Builders Fund will support the levelling up of home building across the country and our stamp duty holiday, applying to the first £500,000 of property sales, will give a much-needed boost to the economy, helping even more people to own homes of their own.
46. However, ensuring access to home ownership remains one of the greatest challenges for this Government. Although polling shows that 87% of people would prefer to own a home given a free choice, high prices, high deposits and difficulty accessing mortgage finance still mean that far too many people are denied this opportunity. This is why we are determined to ensure that First Homes are built in all parts of the country.
47. The Government consulted on its First Homes proposals in February 2020¹⁹. This included consultation around both the design of the First Homes scheme and changes to the planning system to support its delivery. The Government has published a response to this consultation²⁰ and is now seeking views on the detail of the proposed changes to the current planning system.

The Government's proposed approach

Setting developer contributions for First Homes

Percentage of affordable housing secured through developer contributions

48. The Government intends to set out in policy that a minimum of 25 per cent of all affordable housing units secured through developer contributions should be First Homes. This will be a national threshold, set out in planning policy. Initially these will be secured through section 106 planning obligations but, under proposed reforms, these would subsequently be secured through the Infrastructure Levy (see Pillar Three of *Planning for the Future*).
49. In accordance with paragraph 62 of the National Planning Policy Framework, affordable housing is expected to be delivered onsite unless offsite provision or a financial contribution in lieu can be justified. Currently, around four per cent of

¹⁹ First Homes: Consultation on the design and delivery of First Homes.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/864265/First_Homes_consultation_document.pdf

²⁰ <https://www.gov.uk/government/consultations/first-homes>

affordable housing contributions are secured as cash or land contributions, rather than as onsite affordable housing. Therefore, in the majority of cases we would expect this policy to be delivered onsite. However, where cash contributions to affordable housing are secured instead of onsite contributions, a minimum of 25 per cent of these should be used to secure First Homes. This could be achieved, for instance, by acquiring additional First Homes from market development, paying the developer a sum to offset the discount from market price, and securing the tenure through section 106 planning obligations. Where a mixture of cash and onsite contributions are secured, 25% of the overall value of contributions should be applied to First Homes.

50. Local authorities should already have affordable housing policies set out in their local plan, which will include the amounts of affordable housing to be sought, and the tenure mix of this housing. The National Planning Policy Framework currently states that where up-to-date policies have set out the contributions expected from development, planning applications that comply with them should be assumed to be viable. Under our intended approach, therefore, it is necessary to define the criteria for policy compliance, under which a development is assumed to be viable.
51. The Government proposes that, under the new system, a policy compliant planning application should seek to capture the same amount of value as would be captured under the local authority's up-to-date published policy. For instance, a local policy may require 20% affordable housing on site, half of which is shared ownership, and half of which is social rent. The plan viability assessment will set out assumptions on the amount of value captured – for example, a social rent home may be discounted by 50% from market price, and a shared ownership home may be discounted by 20%. This allows the total value captured under the policy to be calculated. This value can then be reallocated to a different affordable housing mix under the new policy.
52. In addition to capturing the same amount of value towards affordable housing as the existing policy, where onsite affordable housing is required, a policy compliant application will have a minimum of 25% of affordable housing units onsite as First Homes. For the remaining 75% of affordable housing secured through developer contributions, there are two broad options:
 - **Option 1:** Where a local authority has a policy on affordable housing tenure mix, that policy should be followed, but with First Homes delivering a minimum of 25% of the affordable housing products. First Homes should replace as a priority other affordable home-ownership products, as defined in the National Planning Policy Framework, prioritising the replacement of those tenures which secure the smallest discount from market price.
 - i. Where this replaces all home ownership products, any rental products are then delivered in the same ratio as set out in the local plan policy. For instance, if a local plan policy requires an affordable housing mix of 20% shared ownership units, 40% affordable rent units and 40% social rent units, a compliant application would deliver an affordable

housing tenure mix of 25% First Homes; 37.5% affordable rent and 37.5% social rent.²¹

- ii. Where this does not replace all home ownership products, the remainder of the home ownership tenures are delivered, and the rental tenure mix is delivered in line with the proportions set out in the local authority plan policy. For instance, if a local plan policy requires 80% of units to be shared ownership and 20% to be social rent, a policy compliant application would deliver 25% First Homes units, 55% shared ownership and 20% social rent.

- **Option 2:** A local authority and developer can negotiate the tenure mix for the remaining 75% of units.

53. If a local authority has an up-to-date policy on cash contributions in lieu of onsite contributions, then a policy compliant application will align with this approach.

54. Option 1 would provide more early clarity for developers as to what constituted a policy compliant development, and would reduce negotiation, which can slow the development process. Option 2 would give local authorities more flexibility but would increase delay. For that reason, the Government prefers Option 1.

55. Currently, sites or proposed developments such as those that provide solely for Build to Rent homes are exempt from requirements to deliver affordable home ownership products. This is set out in paragraph 64 in the National Planning Policy Framework. In line with existing policy, we are considering how to implement these exemptions with regards to First Homes.

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)**

²¹ The actual number of homes of any tenure type should be rounded to whole numbers, where the ratio would deliver, for instance, half an affordable home.

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?

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

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

Local plans and transitional arrangements

56. We recognise that local authorities may need to review the tenure mix for the remainder of the affordable housing that they are seeking to secure. Where local authorities choose to update their tenure mix to reflect this policy, they can do this through a local plan review, although we believe that prioritising the replacement of home-ownership tenures by First Homes will reduce the need for this.

57. We also recognise that there will be a number of local plans and neighbourhood plans that have been prepared based on the existing National Planning Policy Framework and that have reached more advanced stages of the plan-making process. Therefore, local plans and neighbourhood plans that are submitted for Examination within 6 months of this new policy being enacted will not need to reflect the First Homes policy requirements.

58. We also recognise that many developers will have been preparing planning applications under different assumptions. Where significant work has already been undertaken to progress a planning application, including where there has been significant pre-engagement with a local authority on the basis of a different tenure mix of affordable housing, the local authority should have flexibility to accept alternative tenure mixes, although they should consider whether First Homes could be easily substituted for another tenure, either at 25% or a lower proportion.

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

Level of discount

59. The minimum discount for First Homes should be 30% from market price which will be set by an independent registered valuer. The valuation should assume the home is sold as an open market dwelling without restrictions. Local authorities will have discretion to increase the discount to 40% or 50%. This would need to be evidenced in the local plan making process.

60. Where discounts of more than 30% are applied to First Homes, the requirement for a minimum of 25% of units onsite to be First Homes will remain in place.

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

Community Infrastructure Levy

61. In line with other affordable housing tenures, we intend to introduce an exemption from the Community Infrastructure Levy (CIL) for First Homes. We intend to introduce this national exemption through regulations.
62. Prior to regulations being laid, we encourage CIL charging authorities to make use of discretionary affordable housing relief in order to support immediate delivery of First Homes.
63. Further proposals are being developed for an Infrastructure Levy, which would replace CIL and Section 106 planning obligations. First Homes will remain integral to this approach, as will the delivery of affordable housing more generally. We will consider the balance of infrastructure and affordable housing as part of this approach.

Exception sites

Exception sites and rural exception sites

64. We intend to introduce a First Homes exception sites policy, to replace the existing entry-level exception sites policy. Exception sites are small sites brought forward outside the local plan to deliver affordable housing. Under the amended policy, we will specify that the affordable homes delivered should be First Homes for local, first-time buyers. There will be the flexibility in the policy to allow a small proportion of other affordable homes to be delivered on these sites where there is significant identified local need as well as a small proportion of market homes where this would be necessary to ensure the viability of the site overall. This policy will not apply in designated rural areas, where delivery will be through the rural exception sites policy.
65. We intend to remove the National Planning Policy Framework threshold on site size that currently applies for entry-level exception sites in footnote 33, but retain the requirement that First Homes exception sites should be proportionate in size to the existing settlement.
66. We intend to protect the important role that rural exception sites play in delivering affordable homes in rural areas, with rural exception sites being retained as a vehicle for delivering affordable housing in designated rural areas. However, we recognise that this delivery mechanism is currently underused in many cases, and we will update planning guidance in due course.

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?

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

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

Please see question 35 for any comments relating to the Public Sector Equality Duty and the delivery of First Homes.

Next steps

67. We intend to begin by making planning policy changes, to ensure that clear expectations are set. However, to ensure that First Homes are delivered, nationwide, on a consistent basis, we are keeping under consideration the option to strengthen the policy through primary legislation at a future date. We also intend to introduce an exemption from the Community Infrastructure Levy for First Homes, to enable delivery prior to wider developer contribution reform. This would require changes to regulations. Lastly, we are also considering significant reforms to the system of developer contributions. We will ensure that First Homes will continue to be delivered under a reformed approach.

Supporting small and medium-sized developers

68. Small and medium-sized builders (SMEs) make an important contribution to overall housing supply. Small sites typically build out more quickly than larger sites, as they are less constrained by the market absorption rate. SMEs build the majority of smaller sites. In addition, the majority of apartments across the country are built by SME builders.²² As well as having national importance, SMEs play a significant role in local areas – providing people with increased choice in type and design of housing. A range of builders, using different designs, across different site sizes in different locations increases build out rates and overall supply.
69. SME builders have been declining in the long term and were hit hard by the last recession. There were 16% more builder and developer insolvencies in 2019 than in 2018²³, the vast majority of which were SMEs. They are now under further pressure due to Covid-19. We are committed to supporting SMEs and measures taken that support the sector include the Home Building Fund, Help to Buy programme and the ENABLE Build guarantee scheme. We are also providing a package of measures to help the sector grow and develop, including the Housing Growth Partnership, Housing Delivery Fund, as well as our ongoing reforms to the planning system.
70. Contributions from developers play an important role in delivering the infrastructure and affordable housing to support communities and local economies. Local authorities can obtain these contributions by negotiating section 106 planning obligations with a developer and charging a Community Infrastructure Levy on new development.
71. We have introduced legislation to give local authorities more flexibility to support SMEs, by allowing them to defer Community Infrastructure Levy payments. This will enable local planning authorities to support SMEs who are struggling with cashflow, while ensuring that local communities still receive contributions towards infrastructure from developers in the longer term.
72. To support SMEs in the medium term during economic recovery from Covid-19, we are also proposing to reduce the burden of contributions on SMEs for more sites for a time-limited period.

²² Source: MHCLG analysis of Glenigan data.

²³ Source: MHCLG analysis of [Insolvency Service statistics](#) on firms involved in the Construction of Buildings (SIC 41).

Small sites planning policy

Developer contributions

73. Research into developer contributions²⁴ has found that Section 106 planning obligations remain a core aspect of planning practice and recent reform of the system in 2019 has been largely welcomed. However, there are still inconsistencies in local planning authority practice and delay remains a hallmark of the system.
74. National policy is clear that affordable housing contributions should not be sought for developments of fewer than 10 units (small sites). This is to ensure that a disproportionate burden of developer contributions is not placed on SMEs. In designated rural areas policies may set out a lower threshold of five units or fewer. This approach was introduced through a Written Ministerial Statement in November 2014 and taken forward in the revised National Planning Policy Framework in 2018.
75. We are aware that the majority of local planning authorities have taken this approach forward. Only 8% of authorities have policies in up-to-date plans (less than five years old) that do not comply with national policy and are currently seeking affordable housing contributions for small sites.

Economic recovery

Extending the small sites policy

76. To stimulate economic recovery with a particular focus on SMEs, the threshold for affordable housing contributions could be raised. This would reduce the burden of developer contributions, as smaller sites are more likely to be built out by SMEs.
77. We understand the trade-off between introducing measures to increase the number of developable small sites and the importance of securing section 106 planning obligations to deliver affordable housing including First Homes. For example, for a threshold of up to 40 units we would expect to see a reduction of between 7% and 14% of section 106 affordable housing delivery over a single year, assuming overall housing delivery remained constant. For a threshold of up to 50 units, this would be between 10% and 20%. However, we anticipate that raising the threshold would make more sites viable for SME developers and would increase the pace of their delivery as the need for negotiation would be removed. On balance, the proposed approach would allow more small sites to come forward and help minimise the economic pressure that SMEs are under.

²⁴ The Incidence, Value and Delivery of Planning Obligations and Community Infrastructure Levy in England in 2018-19. Joint research from the University of Liverpool, the University of Cambridge, the University of Sheffield and the London School of Economics <https://gov.uk/government/publications/section-106-planning-obligations-and-the-community-infrastructure-levy-in-england-2018-to-2019-report-of-study>

78. To ensure that this measure is targeted at the economic recovery phase and does not inflate land prices in the longer term, we are proposing that the higher threshold is implemented for a time-limited period and lifted as the economy recovers from the impact of Covid-19. This should also minimise any constraints on the introduction of First Homes. We are keen to hear views on the benefits and impacts of this proposal on the delivery of new homes.

The Government's proposed approach

79. We are proposing to raise the small sites threshold to up to either 40 or 50 new homes through changes to national planning policy and are seeking views on the most appropriate level. These thresholds balance the aim of supporting SMEs with the need to deliver new affordable homes. This will be for an initial period of 18 months in which we will monitor the impact of the raised threshold on the sector before reviewing the approach.

80. National policy currently sets out a site size threshold for residential development in addition to number of homes. It makes clear that affordable housing contributions should not be sought for developments that have a site area of less than 0.5 hectares. We propose to scale up the site size threshold at the same proportion as the increase in number of homes threshold and we are seeking views on whether this is the most appropriate approach.

81. There could be adverse threshold effects whereby developers attempt to bring forward larger sites in phasings of up to 40 or 50 homes (depending on which threshold is taken forward in legislation) to avoid contributions. To minimise the impact of this potential threshold effect, we propose to set out in planning guidance how local planning authorities can secure contributions for affordable housing where it is apparent that a larger site is being brought forward.

For each of these questions, please provide reasons and / or evidence for your views (if possible):

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)

Q18: What is the appropriate level of small sites threshold?

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

Q19: Do you agree with the proposed approach to 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?

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

Affordable housing in rural areas

82. 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.

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

Supporting SMEs

83. The Government recognises that in addition to planning contributions, there may be many reasons why SME builders are unable to access and progress developable sites during this time. We are keen to hear whether there are any other ways in which the Government can support SME builders to deliver new homes.

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

Please see question 35 for any comments relating to the Public Sector Equality Duty and the small sites proposals.

Next steps

84. Following the consultation, a decision will be taken on whether to proceed with this approach. If it is taken forward, this could be through the introduction of a Written Ministerial Statement in the Autumn.

Extension of the Permission in Principle consent regime

Introduction of applications process for major developments

85. Permission in Principle was introduced in 2017 as a new faster way of obtaining planning permission for housing-led development, which reduced the need for landowners and developers to incur significant costs to establish the principle of development for housing. This was done by giving authorities the power to grant Permission in Principle to suitable sites allocated on registers of brownfield land. Subsequently, Permission in Principle by application was introduced in 2018, for minor development (i.e. small sites that support fewer than 10 dwellings).
86. Permission in Principle is designed to separate decision making on 'in principle' issues addressing land use, location, and scale of development from matters of technical detail, such as the design of buildings, tenure mix, transport and environmental matters. The aim is to give up-front certainty that the fundamental principles of development are acceptable before developers need to work up detailed plans and commission technical studies. It also ensures that the principle of development only needs to be established once.
87. The Permission in Principle consent route has two stages:
- the first stage ("Permission in Principle") establishes whether a site is suitable in-principle for development. This grant of Permission in Principle is for five years and no planning conditions can be attached to it
 - the second ('technical details consent') stage is when the detailed development proposals are assessed, and conditions can be attached
88. A grant of Permission in Principle plus a grant of technical details consent together equates to full planning permission.

Securing the principle of development for housing on more sites

89. As part of our plans to support economic recovery, the Government wants to make it easier for landowners and developers to have certainty that the principle of development for housing only needs to be established once in the process before developers need to get into more costly, technical matters. This is particularly important for smaller sites which have not been allocated in local plans and where there is now, due to the rapidly changing economic circumstances, a desire by landowners to release the land for housing.
90. *Planning for the Future* proposes that land allocated for substantive development in local plans should be automatically granted a form of permission of principle so that

the principle of development is established, and subsequent consents only focus on detailed technical matters. As this new framework will take time to implement, the Government is keen to expand the current Permission in Principle framework for housing-led development as an early opportunity to move towards this new approach.

91. As part of this consultation, we are interested in your views on:

- extending the scope of the current Permission in Principle by application route to major development (not subject to EIA or habitats assessments);
- enhancing the information requirements and publicity arrangements for these applications;
- introducing a revised fee structure, at lower cost, to incentivise their use;
- including automatically any Permission in Principle granted onto Part 2 of the local brownfield land register; and
- strengthening guidance to support implementation.

Extending Permission in Principle to cover major development

92. Since 2018, applications for Permission in Principle have gradually increased as more developers have become more aware of it. However, the restriction limiting the scope of the principle to minor development limits its potential. In particular, in town centres and other high-density urban areas, relatively small sites are capable of supporting apartment developments of over 10 units, making these sites ineligible for Permission in Principle applications.

93. For these sites, if they are brownfield, a landowner could approach the local planning authority to add the site to its brownfield land register where Permission in Principle status can be granted after consultation. However, this takes time and requires proactive local planning authority engagement. Or the landowner could submit a full or outline planning permission to secure the principle of development before they sell the land interests on to a developer; but given the level of detail required, these can be costly to prepare, take time to determine, and often the subsequent developer will submit a new outline or full application to reflect their own plans.

94. To address this current anomaly, we propose **to remove the restriction in the current Permission in Principle regulations on major development**²⁵. This will enable applications for Permission in Principle to be made for a far wider range of sites, enabling more landowners and developers to use this route to secure permission for housing development. Currently, 84% of planning applications for residential development are for schemes of 10-150 homes, which deliver 46% of new housing development each year.

²⁵ <http://www.legislation.gov.uk/uksi/2017/1309/made>

95. We envisage that a change of this kind will particularly benefit small and medium-sized developers who tend to focus on building smaller major developments. It will reduce their upfront planning costs and provide certainty quickly about the principle of development. In doing so, it will complement the Government's wider initiatives to support small and medium developers, including through the Home Builders Fund which provides loan funding to meet the development costs of building homes for sale or rent and where a loan offer is conditional on applicants having a clear route to achieving planning consent.
96. The existing restrictions in the Permission in Principle Regulations relating to EIA and Habitats requirements will remain, reflecting the fact that Permission in Principle is granted on the basis of limited technical information and there is not sufficient environmental information for these requirements to be accurately assessed at the point of decision.
97. This means Permission in Principle by application will not in practice be a route to permission for large sites capable of delivering more than 150 dwellings or more than 5 hectares – the EIA Regulations 2017 Schedule 2 threshold for urban development, save where a screening opinion has been obtained which concluded the proposal was not EIA development. Similarly, Permission in Principle will not be suitable for sites in areas where, applying the Conservation of Species and Habitats Regulations 2017, there is a probability or risk that the project is likely to have a significant effect on a European site, unless the application was accompanied by an appropriate assessment demonstrating there was unlikely to be significant impact on the site.

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

98. Permission in Principle by application may include other uses as retail, offices, or community spaces. However, housing must occupy the majority of the overall scheme. Additionally, non-housing development should be compatible with the proposed residential development.
99. The current regulations for Permission in Principle by application for minor development sets a limit of commercial development to 1,000 sqm, with a maximum size capped at 1 hectare. For the expanded Permission in Principle route extending to major development, **we do not propose to set a limit for commercial development space**. We do not believe it is necessary to limit the amount of commercial floorspace as it will still be the case that Permission in Principle should only be granted for development that is housing-led. Non-housing development that is compatible and well-integrated into residential development can help to create sustainable neighbourhoods.

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.

Process for making a Permission in Principle application for major development

100. We anticipate it will not be necessary to make any significant changes to the current process set out in regulations for granting Permission in Principle by application. We believe they will largely work for major developments too. This includes the 5-week determination period and the 14-day period for consultation with the public and statutory consultees, which is critical to ensuring an early decision on the principle of development. However, views are sought on maintaining the existing information requirements and publicity arrangements as these may need to be amended.

Information requirements

101. The primary decisions about when to grant Permission in Principle will be locally driven, taking account of national and local policy. Permission in Principle must be followed by an application for technical details consent to agree the details of the scheme before the applicant obtains full planning permission and can start work on site.
102. We anticipate that the process for making a Permission in Principle application for a major development would follow these same procedures, where the relevant matters for consideration are location, land use and the amount of development.
103. A Permission in Principle application must be made in writing on a form published by the Secretary of State (or a form to substantially the same effect) and include the particulars specified or referred to in the form which include:
- a description of the proposed development,
 - the proposed minimum and maximum number of dwellings,
 - the amount of any non-residential development,
 - the size of the site in hectares, and
 - a brief description of any supporting information that is accompanying the application.
104. The local planning authority may not require the submission of any other information, including that specified on its local list.
105. For the Permission in Principle stage, we intend to apply broadly the same information requirements as for minor development applications²⁶ – that is, the developer would only have to provide information as to: the minimum and maximum net number of dwellings, and a map or plan of the site (drawn to an identified scale). Technical details consent requirements would provide the necessary supplementary information for the local planning authority to determine the application.

²⁶ <http://www.legislation.gov.uk/ukxi/2017/1309/article/4/made> - Article 5D

106. However, we would be interested in whether, given the larger scale of development, there should be an additional maximum height threshold parameter, in terms of number of storeys, as part of the Permission in Principle. This would provide greater clarity to the applicant and local planning authority about the scale of housing development that is acceptable for the site, particularly in high density urban areas. Conversely, the inclusion of a maximum height parameter would add further complexity to the determination of Permission in Principle as it starts to bring in design considerations, and may in practice lead to greater confusion - for instance, a high height threshold may only be acceptable for part of the site given the impact on neighbouring dwellings.

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?

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

Publicity arrangements

107. Publicity requirements for Permission in Principle by application, as set out in regulations,²⁷ require local planning authorities to publicise consultations by site notice and by including the application on their website. By contrast, applications for planning permission²⁸ require a site notice, publication on the website and placing a notice in a local newspaper.

108. We consider that local communities should have the opportunity to make representation on major development that might affect them. We propose to amend the publicity requirements for Permission in Principle by application so applications for Permission in Principle on large sites are subject to publicity beyond just a site notice and website publication.

109. Given the shorter timescales for determining Permission in Principle applications we want to ensure that local communities are notified quickly about an application. In May 2020 we introduced temporary regulations to provide flexibility to how local planning authorities can publicise applications if they cannot meet existing statutory requirements, including through the use of social media. We would like to understand whether there would be benefits in amending the publicity requirements for Permission in Principle to enable similar flexibility or whether they should be subject to more traditional publicity requirements such as notices in newspapers.

110. We plan to retain the current publicity requirements for statutory consultees and parish councils.

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:

²⁷ <http://www.legislation.gov.uk/uksi/2017/1309/made>

²⁸ <http://www.legislation.gov.uk/uksi/2015/595/article/15/made>

- 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.

Revised fee structure to incentive Permission in Principle by application

111. The current fee for Permission in Principle by application for minor development is £402 per 0.1 hectare (capped at a maximum of 1 hectare), which is to cover the costs incurred in processing the application, as well as the costs of undertaking consultation and assessment against local and national policy.
112. Under this fee structure, a Permission in Principle application for a 1-hectare development would cost approximately £4000, which is only slightly less than the cost of an outline planning application (£4600). We are keen to promote Permission in Principle by application as a more streamlined and cheaper alternative to outline permission and have considered a number of options to facilitate this. Options considered include: a) retaining the current fee structure based on a flat fee per 0.1 hectare but with a lower fee; b) adopting a site-size criterion, with a charging scheme based on the actual number of dwellings (NB. this is not considered practical because the exact number of housing units in the proposed scheme will not be known until the applicant submits the technical details consent application); and c) our **preferred option of a simplified banded fee structure, with a fixed fee per 0.1 hectare in each band**, and maximum fee cap based on the following site sizes:
- less than 1 hectare (= £x fee per 0.1 hectare)
 - between 1 to 2.5 hectares (= £y fee per 0.1 hectare)
 - more than 2.5 hectares, capped at a maximum (= £z fee per 0.1 hectare, capped)
113. We think lower fees are reasonable because a local planning authority only needs to make a decision on the principle of the development, not on the technical details of the development like a normal planning application.

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

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

Brownfield Land Registers and Permission in Principle

114. Every local authority is required to publish and maintain a Brownfield Land Register, which provides up-to-date, digitally and publicly available information on brownfield land that is suitable for housing. Brownfield Land Registers are divided into two

parts. Part 1 contains a list of brownfield sites that are considered appropriate for residential development; and Part 2 consists of sites which have been taken forward from Part 1 of the register and granted automatic Permission in Principle by the local planning authority (following consultation). Individual Permission in Principle applications granted by local planning authorities from sites that were contained in Part 1 of the Brownfield Land Register must also be included in Part 2 of the Register.

115. Brownfield Land Registers can improve the quality and consistency of data held by local planning authorities and help to provide certainty for developers and communities, encouraging investment in local areas. Having sufficient and accurate data is integral to providing greater transparency about where brownfield sites are available across the country. We are soon to publish a national brownfield map which will bring together all sites identified in local Brownfield Land Registers so there is a clear national picture of brownfield sites suitable for housing.
116. To ensure that Brownfield Land Registers continue to be a single source of information for developers and to inform the national brownfield map in the short term, we propose that all Permission in Principle by application “consents” that are on brownfield land should also be automatically recorded in Part 2 of the Brownfield Land Register. In the longer term, under the *Planning for the Future* proposals, as the new local plans are produced, we intend to review the role of Brownfield Land Registers.

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.

Additional guidance to support implementation

117. As Permission in Principle by application is still a new consent route, we are aware from anecdotal evidence that understanding of this consent route among landowners, developers and local planning authorities is often limited.
118. In particular, it seems some local planning authorities continue to make decisions on Permission in Principle based on detailed matters, such as transport access, when these should only be taken into consideration at the technical details consent stage. It is also not certain that developers and landowners appreciate the gains they can make in terms of savings on costs and assessments when ascertaining, up front, the suitability of a particular site for development. Providing further clarity in guidance on the purpose, process and benefits of Permission in Principle should help mitigate this, particularly where consultation responses highlight areas of confusion.

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.

Regulatory Impact Assessment

119. Our preliminary assessment is that these regulation changes to Permission in Principle will not increase the regulatory burden on business, charities or voluntary bodies. The measure should enable applicants to establish upfront, and at minimal cost, whether sites are suitable for residential development. Under the existing system, applicants typically will pay the much higher cost of preparing and submitting a full planning application in order to determine the suitability of a site for housing-led development²⁹.
120. After obtaining a grant of Permission in Principle, medium-sized developers should find it easier to secure the finance needed to fund a technical detail consent application rather than having to fund the cost of a full planning application without the certainty afforded by a grant of Permission in Principle.
121. Feedback from consultees will help inform our understanding of the practicalities of the proposed measure, as well as to undertake a 'costs and benefit' analysis as part of a Full Regulatory Impact Assessment, including estimating take-up trajectories.

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

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

Next steps

122. Following this consultation, if we introduce Permission in Principle by application for major development, we aim to introduce amending regulations this Autumn, with the regulations expected to come into force by the end of the calendar year. Changes to the fee structure would require separate changes to the Planning Fees Regulations.

²⁹ Estimates from the Impact Assessment prepared for the Town and Country (Permission in Principle) (as amended) Order 2017 show that the typical cost of preparing and submitting a full planning application at approximately £25,000 for a minor site, including fee costs. The cost for full planning permission for a major site (based on 100 dwellings) is approximately £40-£50,000.

Public Sector Equality Duty

123. The Equality Act 2010 requires public authorities to have due regard to the need to eliminate unlawful discrimination, advance equality of opportunity and foster good relations. It relates specifically to groups with protected characteristics including age, disability, sex, race, religion or belief, sexual orientation, gender reassignment, pregnancy, and maternity.

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?

About this consultation

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation, including personal data, may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA), the General Data Protection Regulation, and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the Freedom of Information Act and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will process your personal data in accordance with the law and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included at Annex A.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process please contact us via the [complaints procedure](#).

Annex A

The following is to explain your rights and give you the information you are be entitled to under data protection legislation.

These rights apply to your personal data (your name, direct contact details such as an email address, and any other information that could be used to identify you personally).

1. The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at dataprotection@communities.gov.uk.

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

Article 6(1)(e) of the General Data Protection Regulation 2016 (GDPR) provides that processing shall be lawful if processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the controller. Section 8(d) of the Data Protection Act 2018 further provides that this shall include processing of personal data that is necessary for the exercise of a function of the Crown, a Minister of the Crown or a government department.

The processing is necessary for the performance of a task carried out in the public interest or in the exercise of official authority vested in the Ministry of Housing, Communities and Local Government. The task is consulting on departmental policies or proposals or obtaining opinion data in order to develop good effective government policies in relation to planning.

4. With whom we will be sharing your personal data

We will not share your personal data with organisations outside of MHCLG without contacting you for your permission first.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for two years from the closure of the consultation.

6. Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data, we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have all or some of your data deleted or corrected

d. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/> , or telephone 0303 123 1113.

7. Storage of your personal data

The Data you provide directly will be stored by MHCLG's appointed third-party on their servers. We have taken all necessary precautions to ensure that your rights in terms of data protection will not be compromised by this.

If you submit information to this consultation using our third-party survey provider, it will be moved to our secure government IT systems at a date following the consultation publication date.

8. Your personal data will not be used for any automated decision making.



Ministry of Housing,
Communities &
Local Government

Housing Delivery Test Measurement Rule Book

Method for calculating the Housing Delivery Test result



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If you have any enquiries regarding this document/publication, complete the form at <http://forms.communities.gov.uk/> or write to us at:

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Overview

1. The Housing Delivery Test is an annual measurement of housing delivery in the area of relevant plan-making authorities (non-metropolitan districts, metropolitan boroughs, London boroughs and development corporations with plan-making and decision-making powers).
2. The Housing Delivery Test does not apply to National Park Authorities, the Broads Authority or to development corporations without full plan-making and planning decision making powers.
3. The Housing Delivery Test results will be published annually in November by the Ministry for Housing, Communities and Local Government. The first Housing Delivery Test will be published in November 2018.
4. The planning policy consequences of not meeting the Housing Delivery Test are set out in the revised National Planning Policy Framework¹.

Housing Delivery Test Calculation

5. The Housing Delivery Test is a percentage measurement of the number of **net homes delivered** against the **number of homes required**, as set out in the relevant strategic policies for the areas covered by the Housing Delivery Test, over a rolling three year period.

$$\text{Housing Delivery Test (\%)} = \frac{\text{Total net homes delivered over three year period}}{\text{Total number of homes required over three year period}}$$

¹ Footnote 6, Paragraphs 73 & 75 of the revised National Planning Policy Framework at <https://www.gov.uk/government/publications/national-planning-policy-framework--2>

How is 'net homes delivered' calculated (the numerator)?

6. The number of **net homes delivered** is the National Statistic for net additional dwellings² over a rolling three year period, with adjustments for net student and net other communal accommodation³.
7. The calculation for housing delivery is as follows.

Net homes delivered in a year

= *Net Additional Dwellings National Statistic*

PLUS

$\frac{\text{net increase in bedrooms in student communal accommodation in local authority}}{\text{average number of students in student only households in England}}$

PLUS

$\frac{\text{net increase in bedrooms in other communal accommodation in local authority}}{\text{average number of adults in households in England}}$

8. The National Statistic for net additional dwellings is sourced from the Housing Flows Reconciliation form for non-London authorities, and the Greater London Authority for London Boroughs. Separate guidance on how to fill out the Housing Flows Reconciliation form is at <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>.
9. The adjustments for student and other communal accommodation will be calculated by MHCLG and added into the Housing Delivery Test result⁴. Adjustments are applied using two nationally set ratios, based on England Census data.
10. The national average number of students in student only households is 2.5. This has been calculated by dividing the total number of students living in student only households by the total number of student only households in England. Source data is from the Census 2011 and is published by the Office for National Statistics⁵. The ratio will be updated following each Census when the data is publicly available.

² <https://www.gov.uk/government/collections/net-supply-of-housing> - published by MHCLG annually in November

³ As defined in the Housing Flow Reconciliation (HFR) guidance notes at <https://www.gov.uk/guidance/dwelling-stock-data-notes-and-definitions-includes-hfr-full-guidance-notes-and-returns-form>

⁴ Where bedroom data has been provided by local authorities through their Housing Flow Reconciliation

⁵ <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/adhocs/008207ct07732011censusnumberofstudentsinstudentonlyhouseholdnationaltolocalauthoritylevel>

11. The ratio applied to other communal accommodation will be based on the national average number of adults in all households, with a ratio of 1.8. This has been calculated by dividing the total number of adults living in all households by the total number of households in England. Source data is from the Census 2011 and is published by the Office for National Statistics⁶. The ratio will be updated following each Census when the data is publicly available.

How is the 'number of homes required' calculated (the denominator)?

Housing requirements less than five years old

12. Where the latest adopted housing requirement figure⁷ is less than five years old, or has been reviewed and does not need updating⁸, the figure used will be **the lower of:**

- **EITHER** the **latest adopted housing requirement**^{9 & 10 & 11}, including any unmet need from neighbouring authorities which forms part of that adopted housing requirement. This requirement will be the **stepped housing requirement** (or the **annual average requirement** where there is no stepped requirement). This is the case for:
 - i. **Districts or boroughs** where the requirement is set out in a district or borough local plan. Where a spatial development strategy is also in place, the district or borough plan requirement will continue to be used until it is more than five years old, or the requirement has been reviewed and found not to require updating.
 - ii. **Joint plans** where the requirement is set out in a joint plan. The joint plan should be clear whether areas will be measured jointly or separately for the purposes of the Housing Delivery Test. Where authorities are measured separately, the policy consequences will apply to each authority separately. If there are no separate requirements, then the *joint housing requirement figure* will be used to measure the authorities jointly across the plan area. Where

⁶<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/adhocs/008208ct07742011censusageofhouseholdreferencepersonhrpbynumberofadultsinhouseholdnationaltolocalauthoritylevel>

⁷ As collected by MHCLG from local planning authorities on an annual basis through a Housing Delivery Test DELTA collection (<https://delta.communities.gov.uk/introducing-delta>). If authorities need to update their DELTA contact for the Housing Delivery Test DELTA collection, they should contact the Helpdesk via email DELTA@tso.co.uk or call 0333 202 5084.

⁸ Paragraph 33 of the revised NPPF at <https://www.gov.uk/government/publications/national-planning-policy-framework-2>

⁹ Where a housing requirement figure is adopted and then repeated in a subsequent plan (such as an allocations document) without re-testing the housing requirement, the housing requirement will be deemed valid for five years only from the first time that the figure was adopted (unless the original plan has been reviewed and found not to require updating).

¹⁰ Where applicable, the housing requirement for Gypsies and Travellers under the Planning Policy for Traveller Sites (PPTS) will be added to the housing requirement. Plan-making authorities should inform MHCLG of their housing requirement for Gypsies and Travellers under the PPTS through the annual Housing Delivery Test DELTA data collection.

¹¹ This figure is the annual or stepped requirement across the plan, excluding any previous under-delivery from the start of the plan period.

authorities are measured jointly, the policy consequences will apply jointly to all authorities covered by the plan.

- iii. **Development corporations** with full plan-making and decision-making powers, where the requirement is set out in a local plan prepared by the development corporation.
 - iv. **Spatial development strategies (SDS)**, where the district or borough plan requirement is older than 5 years old and needs updating, an apportioned requirement set out in the SDS will be used.
- **OR** the **minimum annual local housing need figure**^{12 & 13} (and any need from neighbouring authorities which it has been agreed should be planned for, and which has been tested at examination¹⁴) for that authority calculated with a base date of 1st April each year¹⁵.

13. If the housing requirement is set out as a **range**, the Housing Delivery Test will measure against the **lower end of the range**.

Housing requirements more than five years old

14. Where the latest adopted housing requirement figure is over five years old, unless the strategic policies have been reviewed and found not to require updating, the figure used will be:
- i. For areas with a **local plan** or a **joint local plan**: *the minimum annual local housing need figure*¹⁶.
 - ii. For **development corporations** with full plan-making and decision-making powers: *Apportioned housing requirement* in a borough/ district plan, or a spatial development strategy (SDS) that is less than five years old.
 - iii. For areas covered by a **spatial development strategy**: *Apportioned housing requirement* in a SDS that is less than five years old, (or where relevant strategic policies have been reviewed and found not to require updating), or the *minimum annual local housing need figure* if the SDS is older than five years, or where relevant strategic policies have not been reviewed or have been reviewed and require updating.
15. Where the minimum annual local housing need figure applies, this number should be calculated with a base date of 1st April each year. This calculation should use the affordability ratio for the previous calendar year. The affordability ratios are published

¹² Using the standard method for assessing the minimum annual local housing need figure set out in national planning guidance.

¹³ Please see the separate section on Transitional Arrangements for financial years up to and including 2017/18.

¹⁴ Where committed to within an adopted plan.

¹⁵ This calculation must use the affordability ratio for the previous calendar year.

¹⁶ See paragraph 12 for explanation about the minimum annual local housing need figure

by the Office for National Statistics¹⁷. The resulting minimum annual local housing need figure will then be used for the Housing Delivery Test calculation.

Changes to the housing requirement

16. Any new housing requirement will be used for the calculation of the Housing Delivery Test **from the date that it becomes part of the development plan.**
17. For the purposes of calculating the Housing Delivery Test, the new adopted housing requirement will apply **from the start of the relevant plan period (set out in the strategic policies for housing), which may be earlier than the adoption of the strategic policies.**
18. Following adoption of new strategic policies, the new housing requirement figure can be used to recalculate the Housing Delivery Test results during the year, in collaboration with MHCLG.
19. A rolling three year Housing Delivery Test period may span more than one plan and housing requirement. Where a **previous housing requirement** (less than five years old unless it has been reviewed and does not need updating) exists for one or more of those years, that previous housing requirement will be used for the calculation until the new housing requirement is adopted. Figures will be apportioned within a Housing Delivery Test year.
20. Where a housing requirement figure becomes older than five years (unless the relevant strategic policies have been reviewed and found not to require updating) during the Housing Delivery Test period, this will be used for the Housing Delivery Test measurement **up to the 5th anniversary of its adoption.** Where this anniversary is part way through the year, the housing requirement will be apportioned based on the number of days in the year. If the figure has not been reviewed, or requires updating, the remainder of the year and subsequent years, will be based on the *minimum annual local housing need* figure, until a new housing requirement is adopted, as per Table 2.

Transitional arrangements:

21. In identifying the correct housing requirement figure for the calculation, for the financial years 2015-16, 2016-17 and 2017-18, the *minimum annual local housing need figure* is replaced by *household projections* in all aspects of the Housing Delivery Test measurement stated in this Rule Book¹⁸.

¹⁷ See the ratio of **median** house price to **median workplace** based earnings at <https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

¹⁸ Household projections will be used in the Housing Delivery Test calculation for financial years up to and including financial year 2017-18, as the standard methodology for the minimum annual local housing need figure did not apply prior to this date. After this date the minimum annual local housing need figure will be used.

22. Where the rolling three year Housing Delivery Test period includes any of the below financial years, the version of household projections to be used is as follows:

Table 1		
Financial year of three year rolling Housing Delivery Test period	Version of household projections¹⁹	Annual average taken of years
2015-16	2012-based household projections	2015-2025
2016-17	2012-based household projections	2016-2026
2017-18	2014-based household projections	2017-2027

23. Therefore by the time the Housing Delivery Test is published in 2021, household projections will cease to form any part of the Housing Delivery Test calculation.

¹⁹ Household projections are published every two years. Before 2017 they were published by MHCLG at <https://www.gov.uk/government/statistical-data-sets/live-tables-on-household-projections> and from 2017 onwards they are published by the Office for National Statistics at <https://www.ons.gov.uk/news/news/transferofhouseholdprojectionstoons>

Table 2. Housing figure for the Housing Delivery Test, depending on type and age of the strategic housing policies in a plan-making authority.

Note: whichever is lower, of either the minimum annual local housing need figure or the housing requirement identified in this table, will be used.

Plan Area	An adopted housing requirement that is less than five years old or a plan that is more than five years old but the review has confirmed the housing figure does not need updating ²⁰ .	An adopted housing requirement figure that is more than five years old and has not been updated.
Local plan	Stepped housing requirement (or the annual average if housing requirement not stepped ²¹).	Minimum annual local housing need figure.
Joint local plan	Apportioned stepped (or annual average if housing requirement not stepped) housing requirement figure , as set out in the joint plan. If no apportioned housing requirement figure is available, then the joint housing requirement figure will be used and the authorities measured jointly.	
Development corporations ²² with full plan-making and decision-making powers	Stepped housing requirement (or annual average if housing requirement not stepped) in the development corporation's local plan.	Apportioned housing requirement in a borough / district plan or a SDS.
Areas covered by a spatial development strategy	Stepped housing requirement (or annual average if housing requirement not stepped) in the borough or district local plan.	Apportioned housing requirement in a SDS that is less than five years old and does not need updating, or the minimum annual local housing need figure if the SDS is older than five years, has not been reviewed, or has been reviewed and hasn't been updated.

Note: in the table above - where the housing requirement is set up as a **range**, the **lower end of that range** applies.

²⁰ A link to the published review should be provided to MHCLG through DELTA as part of the Housing Delivery Test annual data collection.

²¹ Incorporating any need authorities have taken from their neighbours which has been adopted in the housing requirement.

²² Housing delivery for Development Corporations without full plan-making and decision-making powers will be included as part of the local authorities' Housing Delivery Test measurements.

HOUSE OF LORDS

Select Committee on Economic Affairs

1st Report of Session 2016–17

Building more homes

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Select Committee on Economic Affairs

The Economic Affairs Committee was appointed by the House of Lords in this session “to consider economic affairs”.

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Declaration of interests

See Appendix 1.

A full list of Members’ interests can be found in the Register of Lords’ Interests:

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Evidence is published online at <http://www.parliament.uk/economics-uk-housing-market> and available for inspection at the Parliamentary Archives (020 7219 3074).

Q in footnotes refers to a question in oral evidence.

EXECUTIVE SUMMARY

“We are ... very conscious that we have not built enough homes in this country year on year for many decades ... We have been very clear that we want to be very ambitious. We want to deliver homes across all tenures. We want to drive home ownership up as well. Working to deliver one million homes in this Parliament is a target we should be very ambitious about, and go beyond, if we can.” Brandon Lewis MP, Minister for Housing, 22 March 2016.¹

A growing population, rising immigration and rising incomes have increased demand for housing in England in recent decades.² But, as the Minister admitted, too few homes have been built over this period. House prices and rents in some parts of England have risen sharply. There has been a decline in home ownership over the past decade. This, coupled with the decline in the number of homes available in the social sector, means that an increasing proportion of people are now housed by private landlords.

We must build enough homes to make housing more affordable for everyone—to rent or to buy. Aspirant home owners who are unable to afford a deposit pay substantial proportions of their income on rent; families on waiting lists for social housing contend with insecure tenancies and rogue landlords while spending on housing benefit has almost doubled in real terms over the last two decades.

As the Minister explained to us, the Government is aiming to address problems in the housing market by building one million homes in England by the end of this Parliament while also helping people into home ownership through various schemes.

Since the referendum on the UK’s membership of the European Union in June 2016, the Minister has effectively abandoned this target. Prior to the vote he warned that the target would be difficult to achieve if the UK voted to leave the European Union.³

On 1 July 2016, the Chancellor of the Exchequer effectively abandoned his target of achieving a budget surplus in 2019/20. This could pave the way for releasing restrictions on local authorities and enable them to boost housebuilding activity substantially as this report recommends.⁴

The Government’s ambition is welcome but this must be matched by appropriate action on a much larger scale than currently envisaged and across all tenures. The Government is primarily focused on building for home ownership, neglecting housing for affordable and social rent.

It has been ten years since 200,000 homes (the implied annual rate from the Government’s target) were added to the housing stock in a single year. But the evidence we have heard suggests this will not be enough to meet future

1 [Q 237](#).

2 As housing is a devolved matter, this report concentrates on England only. The problems highlighted and the solutions offered however could equally apply to other areas of the UK.

3 Mr Lewis told a Housing Conference: “I don’t set targets, I never set a target”. Inside Housing, *Lewis: million homes ‘was never a target*, 29 June 2016: <http://www.insidehousing.co.uk/lewis-million-homes-was-never-a-target/7015848.article> [accessed July 2016]

4 In a speech to the Greater Manchester Chambers of Commerce on 1 July 2016, the Chancellor said: “The Government must provide fiscal credibility, so we will continue to be tough on the deficit, but we must be realistic about achieving a surplus by the end of this decade. This is precisely the flexibility that our rules provide for.”

demand and the backlog from previous years of undersupply. To meet that demand and have a moderating effect on house prices, at least 300,000 homes a year need to be built for the foreseeable future. Otherwise the average age of a first time buyer will continue to rise.

In a functioning market, the private sector, housing associations and local authorities would be building enough to meet anticipated demand. But they are not. The business model of the large developers looks to profit margins rather than volume, housing associations are facing loss of revenue due to Government policy on social rents and local authorities, despite some having the appetite, are not in a position to finance large housebuilding programmes.

If the Government is serious about its desire to build more houses across all sectors, it should relax the arbitrary limits on how much local authorities are able to borrow to build social housing. There is no set limit on the amount a local authority can borrow to build a swimming pool, the same should apply to housing. The Government should also provide financial support and flexibility for local authorities to enter into partnerships with housing associations and institutional investors. A sustained increase in local authority housebuilding can take advantage of historically low long-term funding rates, deliver a consistent supply of new homes across the economic cycle and bring much needed competition to oligopolistic large building firms which dominate the housebuilding market.

A major source of land for housebuilding is land that is publicly owned. We welcome the Government's recognition of this, but efforts to release surplus land have been ineffective so far. The Government should make far more public land available for housing and give a senior Cabinet minister responsibility for the delivery of the programme, with support from the National Infrastructure Commission.

To stimulate building in the private sector, the Government should address the large gap between the number of planning permissions granted and the number of homes actually built. To penalise hoarders of permissioned land, local authorities should be granted the power to levy council tax on developments that are not completed within a set time period. To ensure local planning departments are adequately resourced, local authorities should be able to set and vary planning fees that are charged. The whole planning process should be simpler, more transparent and more helpful to small builders.

The Minister told us that the Government is "very ambitious" about its housing policy. By implementing the recommendations in this report, the Government will show it has the political will to meet that ambition.

OUR MAIN CONCLUSIONS AND RECOMMENDATIONS

The Government's housing target

1. The Government's target of one million new homes by 2020 is not based on a robust analysis. **To address the housing crisis at least 300,000 new homes are needed annually for the foreseeable future.** One million homes by 2020 will not be enough.
2. To achieve its target **the Government must recognise the inability of the private sector, as currently incentivised, to build the number of homes needed.**
3. **The Government's focus on home ownership neglects other tenures;** those on the cusp of ownership are helped and those who need secure, low cost rental accommodation are not.
4. Local authorities and housing associations must be incentivised and enabled to make a much greater contribution to the overall supply of new housing. **Without this contribution it will not be possible to build the number of new homes required.** The likely reduction in the housing benefit bill over the long-term is a further reason to increase the supply of social housing.

Local authority building

5. The Government must ensure local authorities who wish to build social housing have access to the funds to do so. The current restrictions on the ability of local authorities to borrow to build social housing are arbitrary and anomalous. **Local authorities should be able to borrow to build social housing as they can for other purposes.**
6. We endorse the efforts of local authorities to innovate, cooperate and enter into partnership with others in the housing sector. **We encourage local authorities to share their experience and expertise to ensure the proliferation of successful schemes.**

Building on public land

7. **A senior Cabinet minister must be given overall responsibility for identifying and coordinating the release of public land for housing,** with a particular focus on providing low cost homes.
8. The number of new homes the Government expects to be built on public land by 2020 amounts to nearly one third of their housebuilding target. **The Government should ask the National Infrastructure Commission to oversee the number of homes that are actually built on public land.**
9. The release of public land provides a good opportunity to support the building of low cost homes and help smaller builders return to the market. **The requirement to achieve best market value when releasing public land should be relaxed.**

Planning reform

10. To incentivise local authorities and provide more resources for stretched planning departments, **the Government should allow local authorities to set and vary planning fees in accordance with the needs of their local area.**

11. There is a large gap between the number of planning permissions granted and the number of houses actually built. **We recommend that local authorities are given the power to levy council tax on developments that are not completed within a set time period.**
12. Overall, planning should be simpler, more transparent and more helpful to small builders.

Use of the existing housing stock

13. Council tax is regressive. **The bands should be amended so that owners of more expensive properties contribute proportionally more than owners of less expensive properties.** This should be done in a revenue neutral way.

Building more homes

INTRODUCTION: HOUSING, A BROKEN MARKET?

“There is no single housing problem just as there is no single housing market. There is a collection of housing markets, separated by region, by type of ownership and by quality of building. No single policy can solve all their difficulties. But all of them are inevitably affected by the sheer physical shortage of homes, with the consequent impact upon prices ... It is essential to have not only more houses, but more houses of the required type in the right place. There are technical difficulties which have to be overcome over land, financing and the organization of the building industry. But there is also the question of will. Housing has not yet achieved the place of priority in official policy that would be justified both by the social suffering involved and by the public concern that has been aroused.”⁵

The problems

1. The leader from *The Times* above rings as true today as it did in 1969. There are multiple problems with regards to housing in this country today; none of them are new.⁶ Whilst the quality of housing in particular in the social rented sector has improved, the failure of successive governments to resolve these problems, despite dozens of policy initiatives and hundreds of pages of legislation, has meant that house prices, already exceptionally high by international standards, are rising. These problems have been made more acute by the ever increasing demand for housing as a result of natural change, immigration and rising incomes.
2. We took evidence before the referendum on the UK’s membership of the European Union. Any short-term economic uncertainty created by the result will not affect the long-term problems described below. These will only be addressed by long-term solutions.

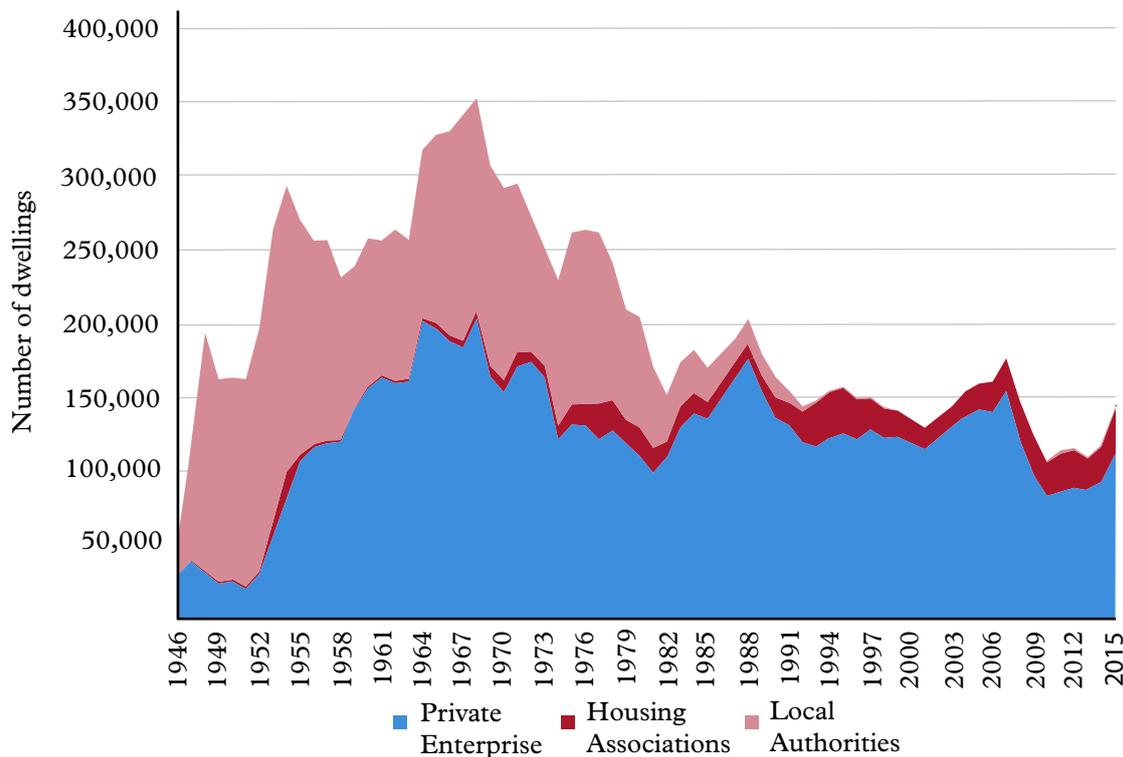
Construction of new homes

3. As Figure 1 demonstrates, the private sector has not replaced the supply that was once provided by local authorities.

5 ‘The Housing Anguish’, *The Times*, 22 December 1969

6 See Box 1

Figure 1: Permanent dwellings completed in England by tenure, 1946 to 2015



Source: DCLG, 'Live tables on house building, Table 244': <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building> [accessed June 2016]

4. The large private builders operate a business model which makes commercial sense for them but does not deliver an increase in the supply of new homes on the scale required. The market has oligopolistic characteristics: the eight largest builders build more than 50 per cent of new homes and smaller builders find it difficult to operate.
5. There has been a lack of innovation in housebuilding: modern methods of construction and self and custom build barely feature. There are too few homes being built that older people may wish to downsize into.
6. Local authorities who are keen to return to housebuilding have for many years been prevented from doing so by specific controls and tight limits on public borrowing. Housing associations are also willing to build more units but have been undermined recently by the Government's decision to reduce social rents thereby depriving them of income.

The planning system

7. The system is slow, complex and costly to operate, particularly for smaller builders. This is exacerbated by planning departments that are under-resourced.
8. No new town has been successfully developed in the last 30 years and a third of homes that are granted planning permission do not go on to be built.

The existing housing stock

9. Increases in stamp duty appear to have been a factor behind reduced turnover in the housing market. This has made the market for existing homes less efficient; people who would wish to move home, perhaps in order to downsize, are being discouraged from doing so.
10. The favourable taxation of housing, such as capital gains tax relief on main residences, stimulates demand for owning houses but does little to stimulate supply. This has helped to encouraged investment in housing as a substitute for pension provision. The council tax is regressive and there has been no residential revaluation for 25 years.

Government focus on home ownership

11. Government schemes, such as Help to Buy, that promote home ownership do not tend to help the people most in need. Despite home ownership being a flagship policy objective of all governments, it has decreased over the last ten years, particularly amongst younger people.
12. The rented sector is also under growing stress, rents are rising in the private sector and waiting lists remain high in the social sector. Efforts to bring large institutional investors into the sector have so far achieved little. The Government's recent increases to stamp duty in the buy-to-let sector, aimed at helping first time buyers, are likely to discourage smaller landlords. With a greater number of poorer tenants living in the private rented sector, the housing benefit bill has ballooned in recent years.

Wider Government policies

13. Constant tinkering by Government can cause volatility in the housing market, discouraging building by the private sector. Contradictions between actions of the Government and other policymakers have also contributed to uncertainty. To take a current example, the Government is seeking to encourage home ownership but forthcoming changes to capital requirements by the Basel Committee on Banking Supervision are likely to restrict the ability of smaller banks to provide mortgage finance.⁷
14. As the historic quotes in Box 1 demonstrate, these are longstanding problems. Fixing the housing market remains one of the biggest challenges facing this country.

⁷ Changes to the standardised model which smaller banks are required to use will require them to hold substantially more capital against mortgage lending than is required at present.

Box 1: Same old problems?**Construction of new homes**

[1983] “There is likely to be a critical lack of supply unless large-scale building programmes are undertaken immediately ... too few homes are being built to satisfy the projected demand.”⁸

The planning system

[1978] “The fact is that an adequate supply of building land depends on both private landowners and local authorities playing their part. Neither has much incentive to do so at present. Until this is recognized by the government, the prospect of a “land famine” in some areas will continue.”⁹

The existing housing stock

[1975] “This country’s housing is in such a mess ... because of the under-use of existing stock—both a cause and effect of low mobility—and it is here that political action needs to be taken”.¹⁰

Government focus on home ownership

[1977] “The Conservatives have for some time favoured public assistance to those wishing to buy homes, but unable to stand on their own feet ... there has been too much official action in the housing sphere that set out to help one category of householder, but turned out to cause new distortions in the wider pattern of housing provision ... The general tendency of such policies has had the effect of assisting those who are already satisfactorily housed at the expense of those who are not.”¹¹

Wider government policies

[1977] “Housing has suffered more than most activities from successive lurches of Government policy in recent years.”¹²

8 Smith, B. (1983) ‘Crisis in housing ‘by 1986’’, *The Times*, 14 February.

9 Letter to *The Times* from Clifford Dann, Chairman of the Public Affairs Committee at The Royal Institution of Chartered Surveyors, 27 June 1978

10 Letter to *The Times* from Horace Cutler, Leader of the Opposition, Greater London Council, 11 August 1975

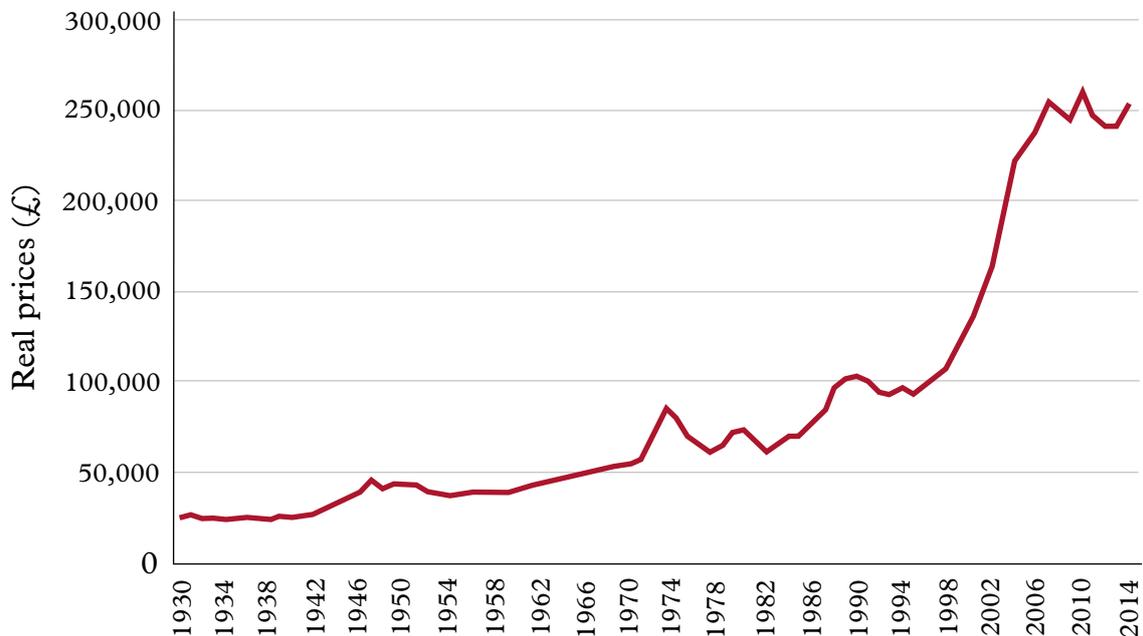
11 ‘Handouts for Home Buyers’, *The Times*, 4 November 1977

12 ‘Toward Agreed Housing Policies’, *The Times*, 24 October 1977

CHAPTER 1: THE STATE WE ARE IN

15. House prices in the UK rose dramatically in the first few years of this century up to the financial crisis, as demonstrated by Figure 2:

Figure 2: Growth in UK real house prices (2011 prices), 1930 to 2014¹³

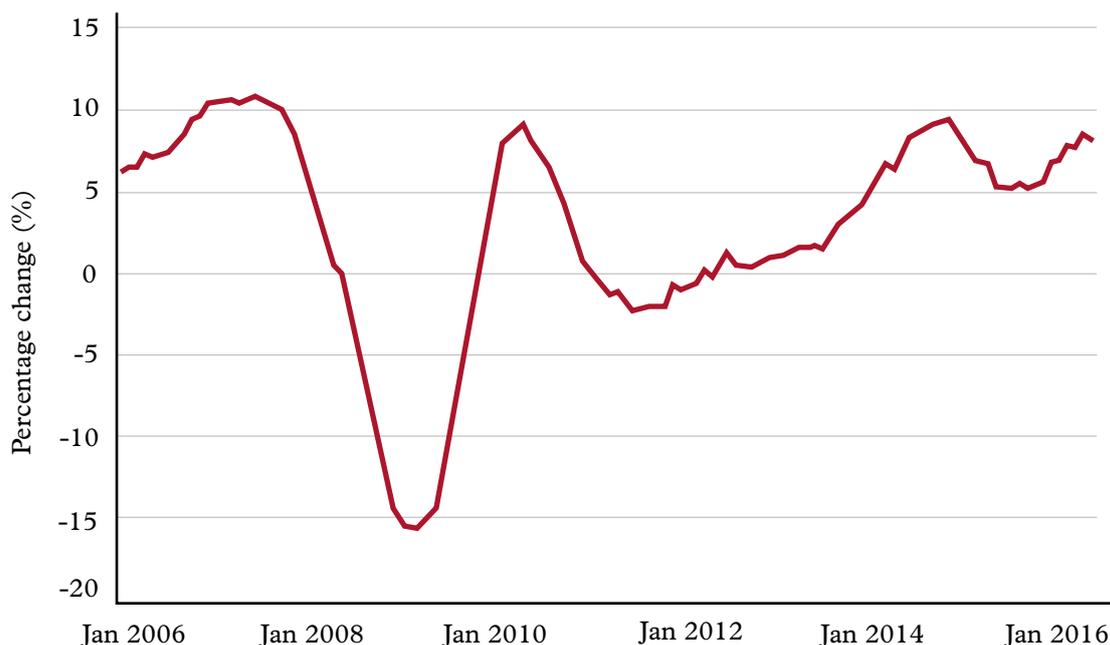


Source: Office for National Statistics, 'House Price Index', September 2015 (Table 22): <http://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/september2015> [accessed June 2016] Bank of England, "The UK recession in context: what do three centuries of data tell us?": Data Annex: Version 2.2, July 2015 (Table 21): <http://www.bankofengland.co.uk/research/Pages/onebank/threecenturies.aspx> [accessed June 2016]

16. The growth in house prices has picked up again recently: UK average house prices increased by 8.2 per cent in the year to April 2016:

¹³ In June 2016 the Land Registry published a new UK House Price Index that replaced the previous house price indices that were published separately by the Land Registry and the Office for National Statistics (ONS). The new index included house purchases that were previously excluded (such as cash purchases) and calculated average house prices using a geometric mean rather than an arithmetic mean (a geometric mean is less distorted by high values and more in line with international best practice). Average house prices calculated using the new method are substantially lower than in the previous ONS index (the average house price for England and Wales in March 2016 was £216,000 using the new method and £301,000 using the old ONS method). The new UK House Price Index will be backdated to 1968 eventually but for the purposes of drawing historical comparisons today, this report will use average house price data from the previous ONS house price index.

Figure 3: Annual house prices rates of change in the UK from January 2006 to April 2016 (12 month percentage change)



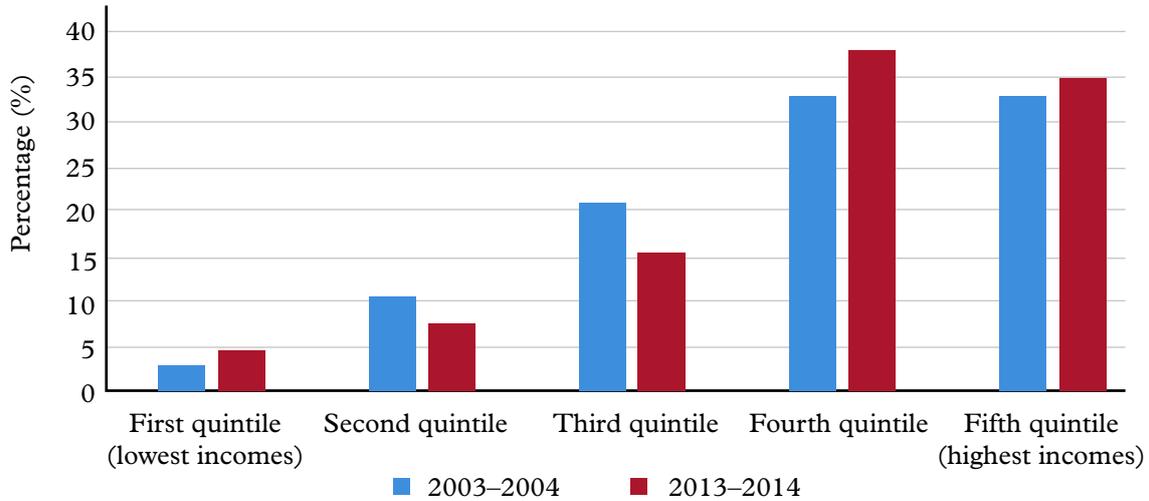
Source: Office for National Statistics, *Statistical Bulletin, House Price Index, April 2016*: <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/april2016#house-price-index-by-english-region> [accessed June 2016]

17. At the same time as house prices have risen, the proportion of first time buyers in the middle and lower end of the income distribution has decreased, as shown by the comparison in Figure 4 between 2003/04 and 2013/14. In England, 72 per cent of first time buyers now have an income¹⁴ that places them in the top 40 per cent of incomes in the country, compared to 65 per cent a decade ago.¹⁵
18. For younger people this worsening affordability means that their chance of owning a home is increasingly dependent on whether they have family resources to draw on—the so called ‘bank of mum and dad’.

¹⁴ Gross weekly income.

¹⁵ Over the same period, data from the Council for Mortgage Lenders show that mortgage costs have decreased as a proportion of income for first time buyers over this period (see Table 8 in Annex 1). This is likely to be due to historically low levels of interest rates as well as the shift towards first time buyers coming from the higher end of the income distribution.

Figure 4: Proportion of first time buyers in England from each income quintile, 2003/04 and 2013/14¹⁶

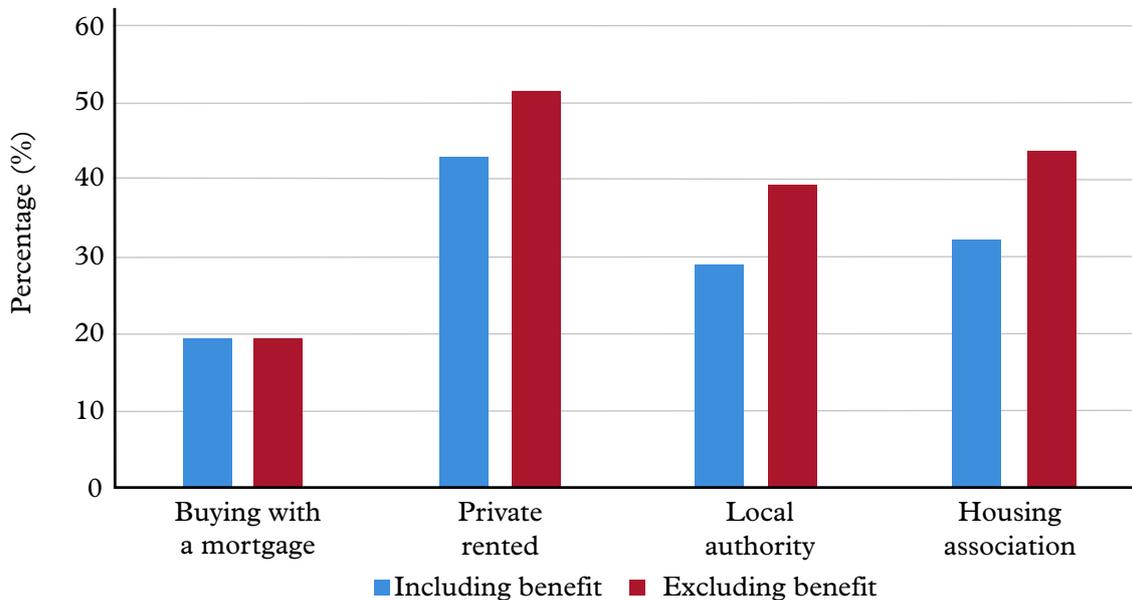


Source: English Housing Survey, Household Report 2013-2014, July 2015, Annex Table 3: <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-household-report> [accessed June 2016]

19. People who have been able to buy a home pay substantially less for their housing costs as a percentage of their income than renters do at present. As shown in Figure 5, in 2013/14 private renters and social renters spent an average of 43 per cent and nearly 31 per cent respectively of their gross income (including housing benefit) on rent; owner occupiers by contrast spent 19 per cent of gross income on mortgage repayments.

¹⁶ The chart splits first time buyers by income quintiles for the whole population—the first income quintile is the lowest 20 per cent of incomes, the second income quintile is the next 20 per cent of incomes and so on. A person earning the median gross income would be in the third quintile.

Figure 5: Percentage of gross weekly income of household reference person and partner (including and excluding housing benefit) spent on mortgage payments or rent by tenure in England, 2013/14¹⁷



Source: *English Housing Survey, Household Report 2013–14, July 2015*: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461439/EHS_Households_2013-14.pdf#page=37 [accessed June 2016]

20. Affordability for private renters is a particular problem in London where 60 per cent of gross income on average is spent on rent. This compares to 39 per cent in other urban areas and 33 per cent in rural areas.¹⁸
21. Worsening affordability across all tenures has been exacerbated by a failure to build sufficient numbers of new homes. The 2004 *Review of Housing Supply* by Dame Kate Barker estimated the number of private and social sector homes required to be built annually by 2016 to either:
 - meet the then Government's target;
 - reduce annual house price growth to 1.8 per cent (from 2.7 per cent); or
 - reduce annual house price growth to 1.1 per cent (then the EU average).

These targets are shown in Figure 6 below against the net additions to the housing stock over the period.¹⁹ House prices in England increased by 9.1 per cent in the year to April 2016.²⁰

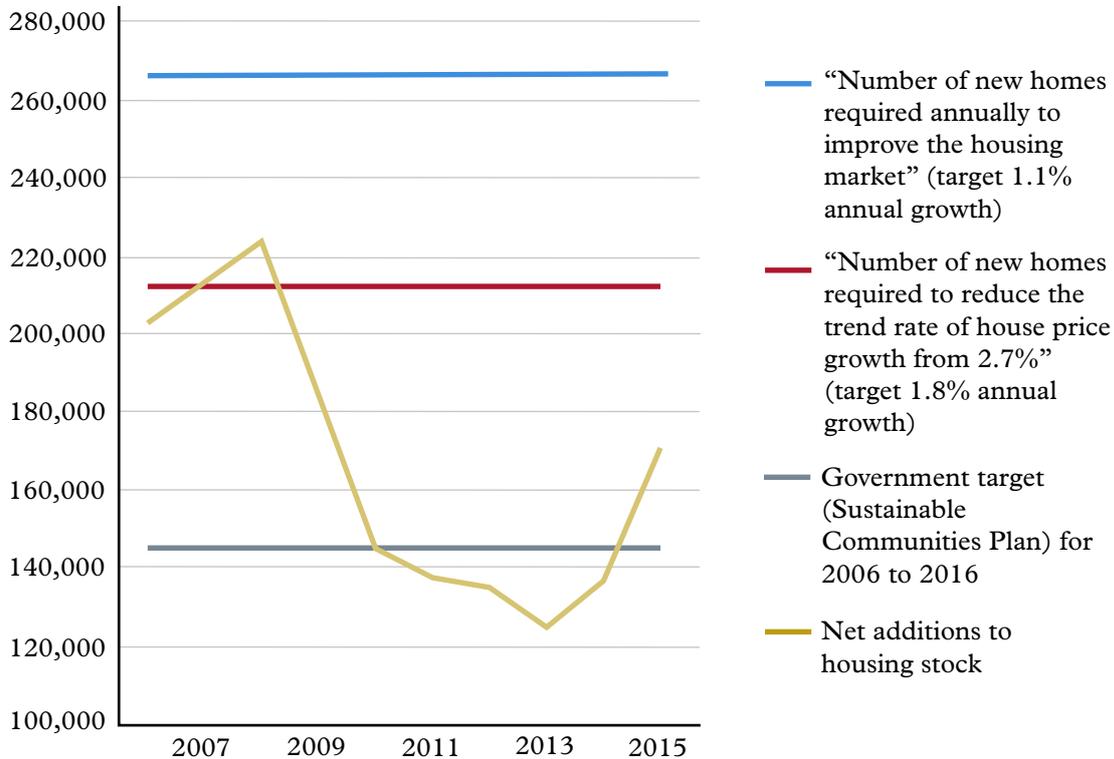
¹⁷ When housing benefit is included it is added to income. The 'household reference person' is the person in whose name the dwelling is owned or rented or who is otherwise responsible for the accommodation. In the case of joint owners or tenants, the person with the highest income is taken as the household reference person. Where incomes are equal, the older person is taken as the household reference person.

¹⁸ English Housing Survey, *Household Report 2013–14*, July 2015 Annex Table 4.3: <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-household-report> [accessed June 2016] The difference is less marked between London and the rest of the country for social renters: 36 per cent of social renters' gross income on average is spent on rent in London compared to 30 per cent and 28 per cent in other urban areas and rural areas respectively.

¹⁹ Witnesses variously estimated that between 200,000 and 300,000 new homes a year are required today (see Chapter 2).

²⁰ Office for National Statistics, *House Price Index*, April 2016: <http://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/housepriceindex/april2016> [accessed June 2016]

Figure 6: Estimated annual number of houses required for scenarios identified in the 2004 Barker Review and actual net additions to the housing stock, England, 2006 to 2015



Source: HM Treasury, *Barker Review of Land Use and Planning, Final report, December 2006*: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/228605/0118404857.pdf [accessed June 2016] and DCLG, 'Live tables on net supply of housing', Table 122: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing> [accessed June 2016]

22. This chapter identifies the reasons, as explained to us in evidence, why housing policy has failed over recent decades. These reasons can be summarised as follows:

- demand, fuelled by demographic change, immigration, rising incomes and greater availability of mortgages, has been rising;
- the planning system, in restricting the supply of land, contributes to higher prices;
- private builders have not built enough homes to meet requirements for a number of years and there is little incentive for private builders to increase their output significantly;
- local authority building has effectively stopped for the last thirty years and has not been fully replaced by housing associations, building on the scale required has only been achieved previously when the public sector has contributed;
- changes in public policy have increased volatility in the market;
- the existing housing stock is not being used as efficiently as it could be.

The role of demand

23. Witnesses told us that population growth, rising incomes and greater mortgage availability had all led to rising demand for housing.

Population growth

24. The number of households in England increased from around 18.5 million in 1988 to an estimated 22.7 million in 2014.²¹ Projections from the Department for Communities and Local Government (DCLG) suggest there will be 27.6 million households by 2037.²² This represents an average annual increase of 210,000 households.²³ These projections assume that 32 per cent of the projected household growth is attributable to net migration with 68 per cent accounted for by natural change (births less deaths).²⁴
25. Lord Green of Deddington, Chairman of Migration Watch, told us however that immigration had become the “key driver” of household growth. Migration Watch questioned the basis for the Department’s household projections: they said the Department’s figures were based on 2012 population data from the Office for National Statistics but that in the latest population data (2014), estimated long-term net migration had increased to 185,000 a year compared to 165,000 a year in 2012.²⁵
26. Some witnesses however pointed out that immigrants, especially recent arrivals, live at higher densities and therefore do not affect housing demand by as much as headline migration figures would suggest. Professor Tony Champion said that when immigrants arrive, “they tend to live at quite high density in quite large households, but the longer they live here the more they tend to spread out and get more space.”²⁶ Recent migrants are much more likely to live in the private rented sector, as illustrated by Figure 7.

21 See Annex 2. The figures are based on DCLG statistics which use the 2001 Census definition of a household: “A household is defined as one person living alone, or a group of people (not necessarily related) living at the same address with common housekeeping—that is, sharing either a living room or sitting room or at least one meal a day.” DCLG, *Household Projections in England 2012–2017*, Feb 2015: <https://www.gov.uk/government/statistics/2012-based-household-projections-in-england-2012-to-2037> [accessed June 2016]

22 *Ibid.*

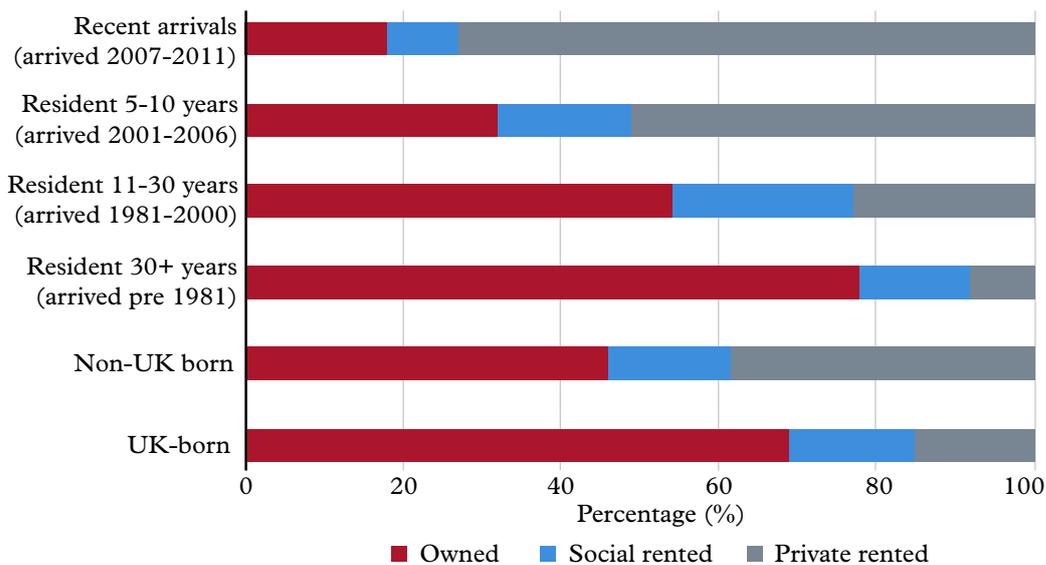
23 DCLG’s household projections are based on 2012 population projections from the ONS. The 210,000 average annual increase is between 2012 and 2037. The number of households that actually form is dependent on the availability of homes for new households to move into. *Ibid.*

24 Under a ‘high net migration scenario’, 237,000 additional households would be expected each year up to 2037 with 40.1 per cent of those due to net migration.

25 Written evidence from Migration Watch UK (EHM0149). The 2014 release was the latest available at the time the evidence was received.

26 Q 78 (Prof Tony Champion); see also Professor Cheshire (Q 46).

Figure 7: Housing tenure for non-UK born and UK born by length of residence, England and Wales, 2011 Census data



Source: Office for National Statistics, *Social and Economic Characteristics by Length of Residence of Migrant Populations in England and Wales*, 4 November 2014: <http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/s/2011censusanalysis/socialandeconomiccharacteristicsbylengthofresidenceofmigrantpopulationsinenglandandwales/2014-11-04> [accessed July 2016]

27. Professor Danny Dorling from the University of Oxford argued the fact people were living longer was having the biggest effect on housing demand.²⁷ Professor Robert Rowthorn from the University of Cambridge said longevity may affect demand for housing more than immigration: “longevity may mean more people living on their own, for example, and more single-person households. Immigration might not mean that in the same way.”²⁸

Rising incomes

28. Income growth over recent decades has played a significant part in rising house prices. Professor Paul Cheshire of the London School of Economics explained that:

“there is a direct demand for one of the most important attributes of housing, which is space in them, and that is very sensitive to incomes ... as people get richer, they try to buy more space in houses.”²⁹

Professor Muellbauer of the University of Oxford thought that around two thirds of the rise in UK house prices since 1980 was attributable to rising income per house.³⁰

27 [Q 45](#)

28 [Q 78](#)

29 [Q 43](#) Professor Muellbauer thought that around two thirds of the rise in UK house prices since 1980 was attributable to rising income per house ([Q 83](#)).

30 [Q 83](#) Professor Cheshire stressed that building in line with household projections would not provide enough housing: “The problem with our planning system is that it allocates land on the basis of a forecast of household numbers, not on the basis of a forecast of housing demand or space demand. So we have been systematically undersupplying land since the early 1950s.” ([Q 45](#)). Dame Kate Barker made the same point ([Q 2](#)).

Greater availability of mortgages

29. The liberalisation of the mortgage market, not just rising incomes, was also cited by some witnesses as a reason for the rise in house prices seen over recent decades.³¹ Sir John Cunliffe, Deputy Governor for Financial Stability at the Bank of England, said that current low interest rates “clearly” increase prices but the issue is that “there must come a point at which people can no longer afford to buy”. He noted however that mortgage terms had been extended to aid affordability.³²
30. The New Economics Foundation said structural problems with the banking system that exacerbate house price inflation need addressing, including reform of banks’ capital requirements to “no longer amplify incentives towards mortgage lending” at the expense of other lending.³³
31. **Demand for housing fuelled by demographic change, immigration, rising incomes and greater access to finance over the last few decades have made a substantial contribution to rising house prices and worsening affordability.**
32. **If immigration remains at current levels, it will be a large factor in the future demand for housing, especially in the London private rental sector.**

Supply of land

33. Martin Wolf, chief economics correspondent at the *Financial Times*, said that “it must be the case” that the restrictions on the use of land are a “fundamental factor in determining the price of housing and above all the land on which the houses sit... the difference in the value of the land that is built upon next to the land that cannot be built upon is so vast”.³⁴ Mr Wolf had previously illustrated his point in a 2015 article in the *Financial Times* where he noted that in 2010, agricultural land around Cambridge was worth in the region of £18,500 a hectare while neighbouring residential land cost around £2.9 million a hectare.³⁵
34. Professor David Miles, a former member of the Bank of England’s Monetary Policy Committee, told us that restrictions on the supply of land were “an enormous factor” in the increase in UK house prices over recent decades.³⁶ But Lord Kerslake, former Permanent Secretary at the Department for Communities and Local Government, did not see it as the main problem; he said that:

“however slick, efficient and effective you make the planning system, you will not double supply through that route. That is just for the birds

31 See Professor Muellbauer (Source [Q 83](#))

32 [Q 193](#). Positive Money similarly said bank mortgage lending was one of the “key drivers of rising house prices.” Written evidence from Positive Money ([EHM0107](#))

33 Written Evidence from the New Economics Foundation ([EHM0101](#))

34 [Q 2](#)

35 Martin Wolf, The Solution to England’s Housing Crisis Lies in the Green Belt, The Financial Times (5 Feb 2015): available at <http://www.ft.com/cms/s/0/f5b26d8a-ac59-11e4-9d32-00144feab7de.html>. [accessed June 2016] The Cambridge example is taken from Kate Barker, *Housing: Where’s the Plan?* (London Publishing Partnership, 2010)

36 [Q 204](#) He said it was “more important, probably, than the decline in real interest rates over the last 20 or 30 years.” Professor John Muellbauer, University of Oxford, said that the release of land for building in Germany was one of two “dominant” factors (along with credit liberalisation) in explaining why house prices had not risen as much there as in the UK ([Q 83](#)).

... You need to carry on improving the planning system, but not to see it as the central issue”.³⁷

35. **The planning system, in restricting the supply of land for development, has an obvious effect on land prices. This is demonstrated by the huge differences in price between agricultural land and residential land on the edge of some cities.**

Private sector construction

36. The Government’s aim of building one million homes in England over the course of the present Parliament implies an average increase of 200,000 homes a year. As Table 1 shows, the last time there were that many net additions to the housing stock was in 2007/08.³⁸ But there has been increasing activity in recent years, with 170,000 net additions in 2014/15 (in France by contrast, around 350,000 dwellings were built in 2015).³⁹

37 [Q 150](#) Chapter 3 considers possible reforms to the planning system. These include incentives for local authorities to accept development and allowing local authorities to set their own planning fees, retaining the proceeds to spend on improving planning resources.

38 Net additions includes new build homes as well as conversions, changes of use (for example from commercial to residential) and demolitions.

39 [Q 229](#) Jean-Pierre Schaefer, a Special Adviser to the National Council of Cities in France, told us that new construction in France has been much higher in the UK since the 1970s. He did however say that before the 1970s, new construction in France was low compared with the UK, “that is why it is very difficult to compare countries: because our histories are sometimes quite different.” ([Q 229](#)).

Table 1: Changes in net housing stock in England, 2007/08 to 2014/15

Year	New build completions	Net conversions	Net change of use	Net other gains	Demolitions	Net additional dwellings
2007/08	200,300	9,020	17,640	1,020	20,500	207,480
2008/09	157,630	8,640	16,640	270	16,590	166,590
2009/10	124,200	6,230	13,600	970	16,330	128,670
2010/11	117,700	5,050	11,540	1,810	14,890	121,210
2011/12	128,160	5,240	12,590	1,100	12,200	134,890
2012/13	118,540	4,100	12,780	1,370	12,060	124,730
2013/14	130,340	4,470	12,520	1,330	12,060	136,600
2014/15	155,080	4,950	20,650	630	10,610	170,000

Source: DCLG, 'Live tables on net supply of housing', Table 122: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing> [accessed June 2016]

37. Housebuilding in England today has been left predominantly to the private sector. Witnesses suggested there were a number of problems with the industry at present.

Decline in smaller firms

38. John Stewart, Director of Economic Affairs at the Home Builders Federation, said that the numbers of smaller housebuilders, which he defined as building 100 units or fewer a year, peaked in 1988 at around 12,200 firms but dropped to around 2,400 by 2014.⁴⁰ The decline is illustrated in Table 2 below.

Table 2: Number of firms registering low volumes of housebuilding, 1988 to 2014

Number of units registered	1988	2008	2014
1 to 10 units a year	10,112	4,411	2,000
11 to 30 units a year	1,500	745	244
31 to 100 units a year	603	311	159
Total	12,215	5,467	2,403

Source: Federation of Master Builders (EHM0140)

39. The Federation of Master Builders identified two main barriers to entry: the difficulties of smaller builders accessing finance since the financial crisis and the way in which smaller sites are treated in the planning system.⁴¹ Jennie Daly, UK Director of Planning at Taylor Wimpey plc, acknowledged that the barriers to smaller and medium sized firms were “significant”:

“We are a large scale business with a very substantial and professional staff, and we still find the process risky, difficult to predict and costly. For the smaller and medium sized housebuilder, that is tenfold in volume and risk.”⁴²

Lack of competition in the sector

40. The dominance of the large housebuilders was questioned by some witnesses. The Royal Town and Planning Institute said the fact that the three biggest housebuilders built a quarter of all new homes in 2014 was demonstrative of “oligopolistic characteristics” in the market.⁴³ Lord Kerslake similarly questioned the competitiveness of the industry: “One of the questions you might ask yourself is who the last new big housebuilder to come to the market is. The answer is that there is none ... I do not think that makes it a healthy competitive sector.”⁴⁴

40 [Q 104](#) The Federation of Master Builders said in written evidence that a firm building fewer than 500 units a year was a “rough approximation” for medium-sized firms and smaller. (Written evidence from The Federation of Master Builders (EHM0140))

41 The difficulties the planning system poses for smaller builders are discussed further in Chapter 3.

42 [Q 104](#)

43 Written evidence from the Royal Institute of Royal Planning Institute (EHM0121) Isobel Stephen told us that the eight largest housebuilders accounted for 50 per cent of new homes built ([Q 62](#)).

44 [Q 143](#)

Shortage of skills in the industry

41. John Stewart described the shortage of skills as “probably the biggest challenge the industry faces.”⁴⁵ In October 2015, the recruitment firm Randstad claimed that one million more construction workers would be required by 2020 (this was however UK wide and estimated on the basis of building 300,000 UK homes a year).⁴⁶
42. Smaller builders however did not see it as a pressing problem: a 2015 survey of small and medium-sized builders by the Federation of Master Builders found only 27 per cent of respondents cited ‘shortage of skilled workers’ as a main constraint on their ability to build more homes.⁴⁷

Pace of delivery from large housebuilders

43. A common criticism of large housebuilders is that they sit on large amounts of suitable building land and develop it slowly in order to keep prices high.⁴⁸ This is often referred to as ‘land banking’. Table 3 below displays the land currently held by the three largest housebuilders.

Table 3: Land holdings and completions by major housebuilders, UK, 2015

	Barratt	Persimmon	Taylor Wimpey
Homes completed in 2015	16,447	14,572	13,341
Plots in ‘short-term landbank’ ⁴⁹	70,523	54,300 ⁵⁰	76,000
Plots anticipated from ‘strategic land holdings’ ⁵¹	71,600	100,000	107,000

Source: Barratt Developments PLC, 2015 Annual Report, Oct 2015: <http://www.barrattdevelopments.co.uk/investors/results-reports-and-presentations/rp-2015> [accessed June 2016]; Persimmon PLC, Annual Report 2015, December 2015: available at <http://corporate.persimmonhomes.com/site-essentials/downloads/annual-report-2015> [accessed June 2016]; Taylor Wimpey, 2015 Annual Report: <https://www.taylorwimpey.co.uk/corporate/investor-relations/2015-in-review> [accessed June 2016]

45 [Q 102](#); see also [Q 113](#) (David Orr).

46 Randstad, ‘Age of house building will demand a million more construction workers’: <https://www.randstad.co.uk/cpe/age-of-housebuilding/> [accessed June 2016]. Some witnesses also mentioned the rising cost of building materials. Dr Peter Williams said this would “massively constrain” the supply response ([Q 30](#)) and Dame Kate Barker pointed out that manufacturers of materials and required trades had gone out of business in recent years. ([Q 1](#)).

47 Martin Wolf said “You cannot tell me that we cannot build a few houses within five years if we really want to. It is a question of making it credible to the industry that that is what is going to happen.” ([Q 15](#)).

48 For example, David Turver in written evidence said that “Under delivery is down to tactical decisions made by the housebuilders to maximise profits.” (Written evidence from David Turver, [EHM0015](#))

49 The phrase ‘short-term landbank’ is used to refer to plots of land that are ready or close to ready for building on.

50 Persimmon’s 2015 Annual Report said it had 93,649 plots in its land bank but of those 54,300 plots had ‘implementable planning consent’ and around 30,700 plots had outline planning consent. (Persimmon PLC, Annual Report 2015, December 2015: available at <http://corporate.persimmonhomes.com/site-essentials/downloads/annual-report-2015> [accessed June 2016])

51 As well as the ‘short-term landbank’, housebuilders also hold land in what is referred to as the ‘strategic landbank’ or ‘strategic pipeline’; this is land where generally the process of applying for permission to build has not started.

44. In their latest annual reports, the three largest housebuilders declared a target level of land with planning permission that they are aiming to hold (referred to as the ‘short-term landbank’ in the table above) in terms of their current building rate (the number of homes completed that year): Barratt aim to hold 4.5 years’ worth of current supply; Persimmon aim to hold 5 years’ worth of current supply; and Taylor Wimpey described their current level, 5.7 years’ worth, as “optimum”.⁵²
45. DCLG said there were “strong financial incentives” not to sit on land with permission as once acquired, the planning permission often has an expiry date after which the firm would need to reapply.⁵³ Jennie Daly said that firms “are incentivised to get building because only through building will we get a return. The housebuilding model does not sit well with land hoarding.”⁵⁴ Lord Kerslake said that if you accused housebuilders of being too cautious, “they will point to the fact that a good number of them are still rebuilding their balance sheets after the near death experience of the financial crash”.⁵⁵
46. Ms Daly did however clarify that Taylor Wimpey take into account the effect that the rate of delivery of new houses has on prices:
- “where there is not the depth of market, there would be concerns about overprovision into the market and the fact that that would have a distorting effect on the local market. That would be of concern both to the local market property owners and to us.”⁵⁶
47. The Local Government Association published figures in February 2015 that indicated there were 475,000 homes in England that had been given planning permission but had yet to be built.⁵⁷ Isobel Stephen, Director for Housing at DCLG, said the “drop-out rate” between planning permissions granted and homes actually built was “around a third”.⁵⁸ The Minister for Housing told us the “challenge” for his Department was reducing this gap.⁵⁹
48. These planning permissions however are not necessarily in the hands of developers. John Stewart from the Home Builders Federation said that research from a few years ago found that “virtually all” sites with a permission that had not started were owned by non-developers. He said more data was required:
- “we need to understand properly ... whether there are non-developers who get permission for reasons where they never intended selling for development.”⁶⁰

52 Annual reports, *op. cit.*

53 They said the default was three years. Written evidence from DCLG ([EHM0157](#)).

54 *Ibid.*

55 [Q 143](#) Professor Steve Wilcox said this reflected a “natural caution” within the industry: “you are doing a new product virtually every year, you want to ensure that you have a business that is sustainable over a run of years.” ([Q 31](#)).

56 [Q 95](#) This was echoed in Persimmon’s 2015 Annual Report: “We control the level of build on-site by closely managing our work in progress levels and matching supply to demand.” Persimmon PLC, *Annual Report 2015*, December 2015: available at <http://corporate.persimmonhomes.com/site-essentials/downloads/annual-report-2015> [accessed June 2016]

57 Local Government Association, ‘475,000 homes with planning permission still waiting to be built’, January 2016: http://www.local.gov.uk/media-releases/-/journal_content/56/10180/7632945/NEWS [accessed June 2016]. In their additional written evidence to the Committee, DCLG pointed out that this figure included sites where work had already started. Written evidence from DCLG ([EHM0157](#)).

58 [Q 62](#)

59 [Q 241](#)

60 [Q 95](#)

49. **The Government should assess why there is a large gap between the number of planning permissions granted and the number of homes actually built. In particular it should identify who is holding permissioned land that is not developed.**

Alternatives to traditional housebuilding

50. Many witnesses also questioned whether builders could make greater use of alternative methods to traditional housebuilding such as off-site construction. Lord Best, former President of the Local Government Association, said “we have to get into this. In other countries there is lots more standardisation and modern methods of construction.”⁶¹
51. Non-traditional methods have been tried before in the UK. Dr Clive Skidmore, Head of Housing Development at Birmingham City Council, said that many non-traditional construction homes were built in the 1920s, 1930s and 1950s: “I have spent 20 years knocking most of those down, because they did not last very long.”⁶² He acknowledged though that there was “potentially” a role for that form of construction.
52. **Since the 1980s we have been relying on the private sector to provide the homes that are needed. The sector, especially since the financial crisis, has all the characteristics of an oligopoly: there are high barriers to entry and the large housebuilders are responsible for a substantial proportion of output. It is rational for private enterprise to optimise profits rather than volume, limiting their uncertainty in a market characterised by constant Government intervention and cyclical risk. The sector is largely focused on building for sale and is not providing for the rental sector which is over a third of the market.**
53. **The Department for Communities and Local Government told us it is examining incentives to get the private sector building more homes. Encouraging smaller builders back into the market and promoting greater use of modern construction techniques may help. But the Government cannot rely on the private sector alone to build the homes the country needs. The gap between what can realistically be expected and what is needed is simply too large.**

Public sector housebuilding

54. Many witnesses pointed out that since the Second World War, the level of building required to meet the present Government’s target (200,000 homes a year) has only been achieved for a prolonged period when there has been a substantial contribution from local authority building programmes. This is illustrated in Figure 1 above.
55. As local authorities no longer receive central government funding for housebuilding, most of them must now borrow to fund the construction of new homes. Chapter 5 considers ways that funding for local authority housebuilding could be increased.
56. **Local authorities and housing associations need to make a much bigger contribution to housebuilding if it is to reach required levels.**

61 [Q 138](#) Dr Peter Williams said that other countries have shown using modern methods of construction can be done successfully, he said it does have “potential” ([Q 30](#)).

62 [Q 138](#)

Public policy changes and volatility in the market

57. Dr Peter Williams of the Cambridge Centre for Housing and Planning Research said that volatility in the market left private builders hesitant to build:

“Even if we can have bold targets in terms of output, it does not necessarily mean, with a speculative demanded housebuilding industry, we will see that supply follow.”⁶³

58. Witnesses pointed to changes in Government policy as a source of that volatility. David Orr, chief executive of the National Housing Federation, said the reduction in social rents had created “flamboyant uncertainty” for housing associations:

“If the Government and the nation want housing associations to make the best contribution that they possibly can, avoiding introducing such areas of uncertainty without consultation would have a considerable impact.”⁶⁴

59. Dame Kate Barker said her “favourite point” to make about housing policy is that it is “totally un-joined up” between the Bank of England and the various Government departments who have an interest.⁶⁵ She said this was apparent in the contrast between “the drive for home ownership” from the Government and “the drive to keep leverage down” in financial institutions from regulators.⁶⁶

60. The New Economics Foundation also questioned the effects of macro prudential policy on the housing market. They said that the Government and Bank of England should “mandate a refocus of the banks and the wider economy on productive investment, including the building of homes.”⁶⁷

61. **Government must recognise the effect that constant changes in public policy have on the housing market; housebuilders, housing associations and local authorities are unlikely to commit to large building programmes amid such uncertainty.**

62. **The construction of houses is affected by macroeconomic policy. Nevertheless a robust programme of continuing, uninterrupted development by local authorities, housing associations and private investors in the rental sector would provide a more stable output of new homes across the economic cycle.**

Existing housing stock

63. The vast majority of homes that come onto the market for sale are existing homes. The number of transactions on existing homes halved following the financial crisis and has only partially recovered, as shown in Figure 8.⁶⁸

63 [Q 30](#)

64 [Q 120](#)

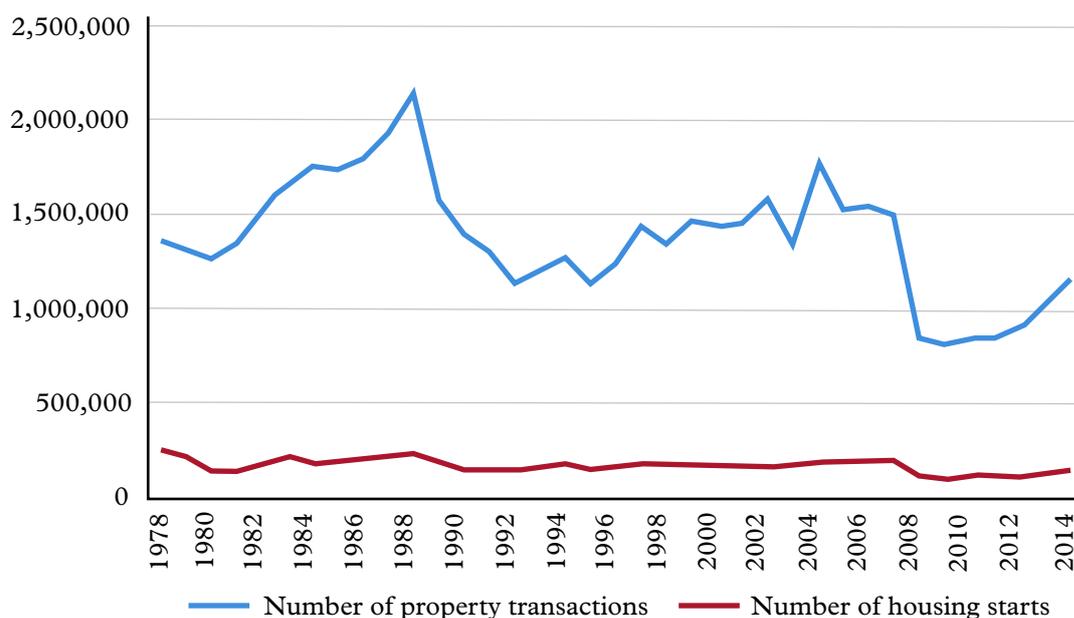
65 [Q 13](#) Dame Kate cited the Department for Communities and Local Government, HM Treasury and Department for Work and Pensions.

66 [Q 13](#)

67 Written evidence from the New Economics Foundation ([EHM0101](#))

68 The relative importance of transactions on existing homes compared to new builds was explored in an article for The Economist’s Free Exchange blog in February 2016: <http://www.economist.com/blogs/freeexchange/2016/02/can-we-fix-it>

Figure 8: Second hand homes versus new build homes, England and Wales, 1978 to 2014⁶⁹



Source: Office for National Statistics, 'Economic Trends Annual Supplement', 2006: <http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/rel/elmr/economic-trends--discontinued-/2006-edition/index.html> [accessed July 2016]; HM Revenue and Customs, 'Annual UK Property Transactions Statistics', June 2015: <https://www.gov.uk/government/statistics/annual-uk-property-transactions-statistics-2013> [accessed July 2016]; Department for Communities and Local Government, 'Live Tables on Housebuilding', May 2016: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building> (Tables 13 and 14) [accessed July 2016]

64. Paul Johnson, Director of the Institute for Fiscal Studies, said low turnover was a problem: “the lack of willingness to sell, despite the extraordinary prices around, is creating a lack of supply.”⁷⁰
65. The Council of Mortgage Lenders pointed out that even if 220,000 plus homes are built every year for the next decade in England, 90 per cent of the housing stock that will exist in 2025 has already been built. They called for better use of that existing stock:

“Government measures that nudge us towards even slightly more intense use of our current stock could contribute materially to improving the overall supply-demand picture.”⁷¹

66. Lord Kerslake however said he did not buy the argument: “the fundamental issue is about more homes. It has been since Kate Barker wrote her report and it is an even more acute issue now.” He conceded measures to encourage moving may “ease the challenge of supply” but thought it was “unrealistic to think that it will tackle the underlying need for housing in this country”.⁷²

69 Pre-2006 statistics on property transactions are do not differentiate between residential and non-residential transactions. The graph therefore displays all property transactions, the vast majority of which are residential transactions (between 2006 and 2014 there was an annual average of 897,000 residential transactions which accounted for 95 per cent of the average annual number of transactions (947,000) over that period.

70 [Q 203](#)

71 Written evidence from the Council for Mortgage Lenders ([EHM0064](#))

72 [Q 152](#)

67. **The price of housing is determined by the balance in demand and supply for the entire housing stock rather than the supply of new homes alone. A higher rate of construction will need to be sustained over many years to have a substantial effect on prices.**

Barriers to downsizing

68. ‘Under-occupation’ of housing is currently defined by the Government as a household having two or more bedrooms above the required number of bedrooms for the people living there.⁷³ At present, 51 per cent of owner-occupier households in England (7.3 million) are under-occupied according to this definition.⁷⁴ This has increased from 39 per cent (5.3 million households) in 1995/96. A number of witnesses highlighted this point.⁷⁵
69. Vicky Chapman, who together with her husband is looking to move to a smaller house, bemoaned the lack of suitable property:
- “Houses being built by developers are badly designed (two flights of stairs!), overcrowded, overlooked with small windows, small rooms and small gardens and high prices ... What we do not want is to live in a rabbit hutch (we would like the same sized rooms but less of them) just because we are getting on a bit and neither do we wish to live in a commune of old people.”⁷⁶
70. Stamp duty was criticised by a number of witnesses for discouraging people to move home. Paul Johnson thought it was a “quite important” factor behind the low turnover, saying the tax payable “is a much bigger fraction of the cost of a house now than it was back in the 1980s”.⁷⁷
71. The National Institute for Economic and Social Research (NIESR) said that under-occupation suggested that housing is “increasingly seen as a store of wealth ... the market is becoming less efficient in allocating housing”. They labelled the tax system as “the biggest distortion” to the housing market and called for capital gains tax to be levied on profits made on main residences.⁷⁸
72. **The existing stock of housing in England is not used particularly efficiently. While new construction is important, the Government should not overlook the role the existing housing stock plays and consider ways of stimulating the market for existing homes.**

73 To measure occupation density, a standard number of bedrooms is calculated for each household. A separate bedroom is allowed for each married or cohabiting couple, any other person aged 21 or over, each pair of adolescents aged 10 to 20 of the same sex, and each pair of children under 10. Any unpaired person aged 10 to 20 is notionally paired, if possible, with a child under 10 of the same sex otherwise they are counted as requiring a separate bedroom, as would any unpaired child under 10. This notional standard number of bedrooms is then compared with the actual number of bedrooms available and the difference calculated. Bedrooms converted to other uses are not counted as available (unless denoted as a bedroom in the Census by the respondents).

74 DCLG, *English Housing Survey, Headline Report 2014–15*, 18 February 2016: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/501065/EHS_Headline_report_2014-15.pdf [accessed July 2016].

75 For example, National Institute for Economic and Social Research (EHM0061) and Green House Think Tank (EHM0129). Over the same period, the proportion of under-occupied homes has decreased in the private and social rented sectors.

76 Written evidence from Vicky Chapman (EHM0023). Chris Walker from Policy Exchange said that many older people wished to move into a smaller house “but they do not have a suitable alternative to which to downsize. It is almost like a bit of a gridlock in the housing market.” (Q2).

77 Q 203

78 Written evidence from the National Institute for Economic and Social Research (EHM0061)

CHAPTER 2: THE GOVERNMENT'S RESPONSE

73. The present Government has launched a number of initiatives in the housing market, many aimed at increasing home ownership. This chapter will consider the Government's plan to build one million homes by 2020 and its focus on owner occupation whilst doing little to expand the supply of rented or social housing.

Housing supply: building one million homes

What is the Government's target?

74. The number of homes the Government has committed to build has evolved. The Conservative Party's Manifesto did not contain a clear overall target for house building.⁷⁹ The Manifesto pledged to:

“build 200,000 quality Starter Homes over the course of the next Parliament, reserved for first-time buyers under 40 and sold at 20 per cent below the market price. [...] We will [deliver] 275,000 additional affordable homes by 2020. And we will offer 10,000 new homes to rent at below market rates.”

75. In an interview in September 2015, the Minister for Housing went further and stated that the Government aimed to build one million homes during the course of the Parliament.⁸⁰ This target includes all new homes built and not just 'affordable homes'. The Minister in evidence to the Committee explained that:

“Originally when I had the conversation about this, I was asked by a journalist, ‘What would you see as success?’, and I think it would be that.”⁸¹

76. In his Spending Review and Autumn Statement of 2015 the Chancellor set out a five point plan for home ownership and promised to build 400,000 'affordable homes' by 2020.⁸²

Is one million homes the right target?

77. Ministers explained that they had arrived at their “very ambitious” target after consideration of the household formation statistics.⁸³ The household formation data are the primary, but not the only, way to measure the need or demand for housing. The evidence we heard on these projections is set out in Chapter 1.

79 The Conservative Party, *Manifesto 2015*: <https://s3-eu-west-1.amazonaws.com/manifesto2015/ConservativeManifesto2015.pdf>. [accessed May 2016]

80 Interview for BBC *Inside Out* broadcast 21 September 2015: <http://www.bbc.co.uk/news/uk-england-34209027>. Mr Lewis stated: “By the end of this parliament, success I think would mean that we have seen a build in total of something like a million homes”. The target was repeated at the launch of the Housing and Planning Bill (DCLG, ‘Historic Housing and Planning Bill will transform generation rent into generation buy’, 13 October 2015: <https://www.gov.uk/government/news/historic-housing-and-planning-bill-will-transform-generation-rent-into-generation-buy> [accessed May 2016]

81 [Q 237](#) (Brandon Lewis MP)

82 HM Treasury, *Spending Review and Autumn Statement*, Cm 9162, November 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf [accessed April 2016]

83 [Q 237](#) (Brandon Lewis MP). The evidence and our analysis of how the Government's target compares to the household formation statistics is considered in Chapter 1.

78. The Government’s aim to build one million homes, or 200,000 a year, was criticised by some witnesses.
79. First, witnesses argued that the Government should consider not just current housing requirements, but also the backlog created by the failure to build enough homes over many years.⁸⁴ Between 2011 and 2015 only 54 per cent of the homes required to meet the household formation projections were built.⁸⁵ Chris Walker of Policy Exchange estimated there was a housing shortage “in the order of one million homes”.⁸⁶ This shortage is reflected in the level of house prices and rents, in particular in London, even before the collapse of housebuilding after the financial crisis.⁸⁷
80. Second, the Government’s target would not be sufficient to alter the rate of increase in house prices materially. HM Treasury told us that even if one million homes were built by 2020, house prices would rise by five or six per cent a year over the same period.⁸⁸ The Government accepted the number of houses “necessary to stabilise house prices would be very substantial indeed.”⁸⁹ The Minister for Housing admitted that “an awful lot of existing home owners will be very pleased” that prices will continue to rise and thought that was “an entirely human approach to take”. The Government’s aim is not to stop house prices rising, rather their priority is to encourage home ownership without cost to existing owners.⁹⁰
81. In addition to rising prices, the rate of house price growth currently exceeds the rise in incomes. Building 200,000 homes a year to 2020 is also not in itself enough to modify the price to income ratio. The Exchequer Secretary to the Treasury told us that:

“The modelling suggests that in order to keep the house prices to earnings ratio constant, somewhere between 250,000 and 300,000 homes per year need to be built.”⁹¹

Can one million homes be built by 2020?

82. We asked Ministers and officials for a more detailed analysis of how the target of one million homes by 2020 will be reached, based on the Government’s estimate of how much each sector has the capacity to contribute. In response to this question the Minister for Housing and DCLG provided the table set out in Table 4 below.⁹²

84 [Q 1](#) (Dame Kate Barker)

85 Neil McDonald and Christine Whitehead, ‘New estimates of housing requirements in England, 2012 to 2037’, *Town and Country Planning*, Nov 2015: http://www.tcpa.org.uk/data/files/Housing_Req-Final.pdf [accessed April 2016]

86 [Q 1](#) (Chris Walker)

87 The Institute of Economic Affairs wrote, “housing costs in the UK—both house prices and rents—are among the highest in the world, both in absolute terms and relative to average incomes. Since 1970, average house prices in the UK have gone up four and a half fold after inflation. In this, the UK is an extreme international outlier.” Written evidence from the Institute of Economic Affairs ([EHM0120](#)).

88 [Q 76](#) (Stephen Farrington). Mr Farrington’s evidence was based on the OBR forecasts. The Minister for housing confirmed that “building 1 million homes will not necessarily reduce house prices” [Q 239](#) (Brandon Lewis MP).

89 [Q 63](#) (Stephen Aldridge)

90 [Q 239](#) (Brandon Lewis MP)

91 [Q 239](#) (Damian Hinds MP); see also [Q 1](#) (Chris Walker and Dame Kate Barker). Due to low interest rates building 250,000–300,000 homes above may now be insufficient to keep the price: earnings ratio constant.

92 Written evidence from Brandon Lewis MP ([EHM0167](#)); see also supplementary written evidence from DCLG ([EHM0157](#)).

Table 4: Government’s breakdown of new housing supply

Programme	Delivery (units)
Help to Buy: Shared Ownership	135,000 starts
Starter Homes	200,000 starts
Affordable rent	100,000 starts
Home Building Fund	25,500
Public Sector Land programme	Release land for 160,000
Large scale developments (Ebbsfleet, Bicester, Brent Cross, Northstowe, Barking Riverside)	55,000
Estate Regeneration	6,000
Help to Buy Equity Loan extension 2016–17 to 2020–21	Support 145,000 families into new-build homes
TOTAL	<u>521,00 units</u> <u>160,000 land capacity</u> <u>145,000 supported into new homes</u>

Source: Written evidence from Brandon Lewis MP (EHM0167)

83. The Government’s figures do not fully address the question asked:
- (a) It is a list of the projected outputs from various Government initiatives; not all this output is intended to be achieved by 2020.
 - (b) The figures double count the homes to be supplied, for example Starter Homes will be built on public land.⁹³
 - (c) The Government does not indicate how many homes each sector will build, or in particular how many the private sector will contribute without support from these initiatives.⁹⁴ In response to the Committee’s concern, the Minister told us that the Government “does not publish forecasts of housing supply” by the private sector.⁹⁵
 - (d) The figures do not provide information on how many homes will be complete and ready for occupation by 2020.⁹⁶ For example, the Government has yet to build any Starter Homes despite these properties accounting for one fifth of the overall target.

93 Supplementary written evidence from DCLG (EHM0157). The Department noted that this double counting meant that “the total number of units that will be delivered by these programmes will be lower than the sum of the units provided by each.”

94 The industry has stated that they expect to increase supply but many of the additional units will be built with the support of the initiatives listed above—and equally some market homes will not be built because some demand will have been satisfied through the government supported initiatives.

95 Written evidence from Brandon Lewis MP (EHM0167)

96 For example: it is claimed that Starter Homes will make the largest single contribution (200,000 building starts), but work on building Starter Homes is yet to commence. A consultation on the regulations underlying Starter Homes closed on 18 May 2016. DCLG, *Starter Homes Regulations: technical consultation*, March 2016: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/510478/Starter_homes_regulations_technical_consultation.pdf [accessed April 2016].

Housing supply target: conclusions

84. **The Government’s target of one million new homes by 2020 is not based on a robust analysis. To address the housing crisis at least 300,000 new homes are needed annually for the foreseeable future. One million homes by 2020 will not be enough.**
85. **To achieve its target, the Government must recognise the inability of the private sector, as currently incentivised, to build the number of houses needed. Government action is required to address this, including helping local authorities and housing associations to increase their housebuilding.**

Tenure: doubling the number of first time buyers*Policy on housing tenure*

86. One of the Government’s election promises was to help one million more people into home ownership by doubling the number of first time buyers.⁹⁷ The Minister for Housing acknowledged the Government’s “focus” on home ownership, but told us that that the Government also wished to increase the number of homes available to other tenures.⁹⁸
87. The Minister for Housing pointed out that home ownership remains the tenure of choice for the majority of the population. He cited figures from the 2011/12 British Social Attitudes Survey which reported that 86 per cent of households would prefer to own their home.⁹⁹ Currently only 62 per cent of people do own a home. This is the lowest level of home ownership since 1985 and down from a peak of 71 per cent in 2003.
88. The Exchequer Secretary to the Treasury pointed out that as well as the general decline, there is a widening generational gap in homeownership and that the decline was “particularly acute the further you go down the age scale”.¹⁰⁰ Figure 9 illustrates this trend.

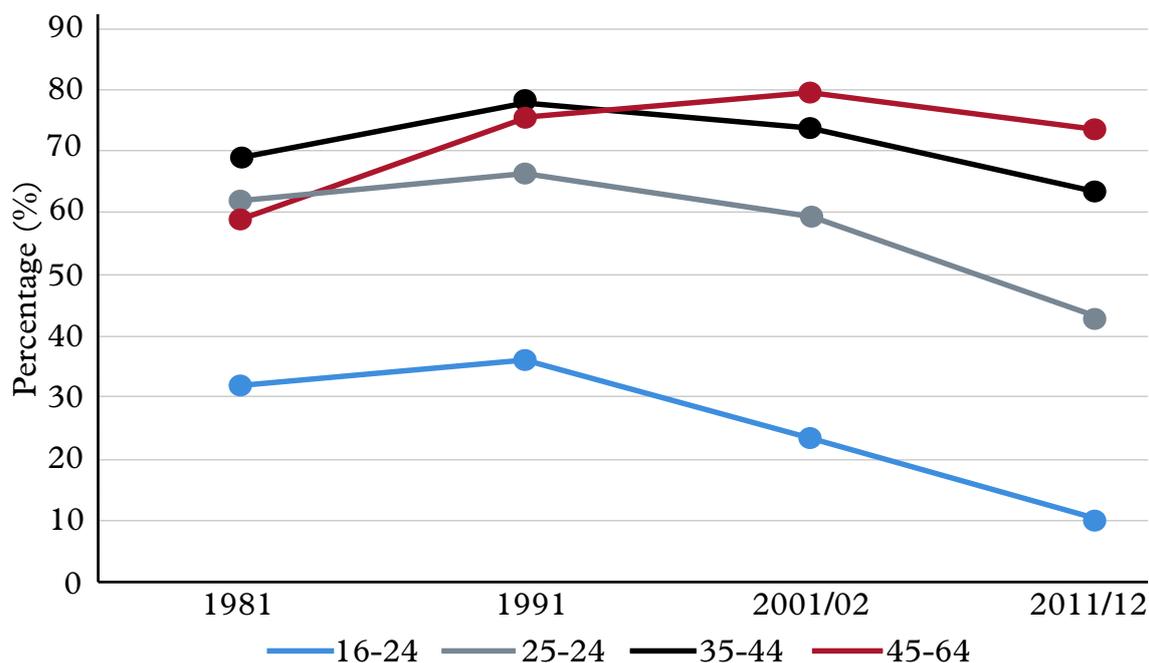
97 The Conservative Party, Manifesto 2015, *op. cit.*

98 [Q 249](#) (Brandon Lewis MP)

99 NatCen Social Research, *British Social Attitudes 2011–12*, 2012: <http://www.bsa.natcen.ac.uk/media/38966/bsa28-full-report.pdf> [accessed April 2016]

100 [Q 244](#) (Damian Hinds MP)

Figure 9: Trends in home ownership by age group. Percentage of each age group that are home owners, UK, 1981 to 2012



Source: ONS, *Housing and home ownership in the UK*, January 2015: <http://visual.ons.gov.uk/uk-perspectives-housing-and-home-ownership-in-the-uk/>. Data from: *English Housing Survey 2012 to 2013*, Table FC2101: <https://www.gov.uk/government/statistical-data-sets/owner-occupiers-recent-first-time-buyers-and-second-homes> *English Housing Survey 2001/02*, Table S106: <http://webarchive.nationalarchives.gov.uk/20121108165934/http://www.communities.gov.uk/documents/housing/xls/139277.xls> [accessed June 2016]

89. To achieve its aims, the Government has announced a series of policies designed to increase home ownership.¹⁰¹ Chris Walker of Policy Exchange saw these schemes as representing a shift of emphasis from subsidising rents to subsidising home ownership, pointing out: “for the first time more grant money will be spent on affordable home ownership products than on affordable rented or social rented products”.¹⁰²

Criticism of the Government’s approach

90. Some witnesses were concerned that the Government’s focus on home ownership was to the detriment of other tenures. They considered that the Government’s policies have targeted buy-to-let landlords, undermined investment in the private rental sector through taxation changes, and exacerbated the undersupply of social and affordable rented accommodation.

Trends in the private rental sector

91. As shown by Figure 10, the number of households in the private rented sector has risen. One factor in this trend is the long-term decline in those living in social housing. Jon Cunliffe, Deputy Governor of the Bank of England, said that this trend had both short and long-term causes:

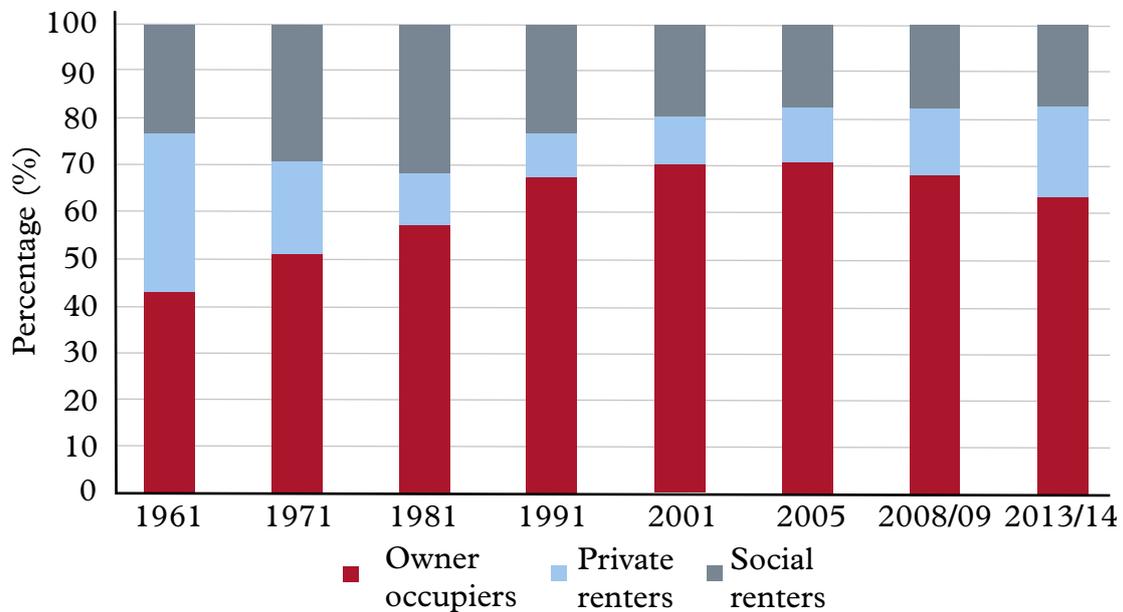
“Demographic and other factors have increased the demand for rented accommodation, so the balance between owner occupier and rented has

¹⁰¹ Annex 3 contains full details of each scheme.

¹⁰² [Q 9](#) (Chris Walker)

been changing over the last 15 or 20 years, but it looks as if much of that change happened in the period before the crisis, and a lot more of the switch between owner occupied and rented since the crisis has been due to affordability.”¹⁰³

Figure 10: Trends in tenure by household in England and Wales (percentage of households in each tenure 1961–2013/14)



Source: DCLG, *English Housing Survey, Household Report, July 2015, Chapter 1, annex table 1.1* <https://www.gov.uk/government/statistics/english-housing-survey-2013-to-2014-household-report> [accessed June 2016]

92. The evidence we received on conditions in the private rental sector was mixed. The English Housing Survey indicates that levels of satisfaction with their tenure among private sector tenants has risen from 46 per cent in 2003/04 to 53 per cent in 2013/14. These figures are still below tenure satisfaction levels in 2013/14 of owner occupiers (94 per cent) and social housing tenants (80 per cent).¹⁰⁴
93. Some witnesses, in particular groups campaigning for tenants, argued that the sector “as it is currently constituted is really not fit for purpose for huge numbers of people” due to increasing rents, poor conditions and insecurity of tenure.¹⁰⁵

Government policies on buy-to-let

94. The Government has announced a series of policies which they consider redress an imbalance between buy-to-let landlords and first time buyers. These include:

¹⁰³ Q 198 (Jon Cunliffe)

¹⁰⁴ The English Housing Survey asks people if they agree that their form of a tenure is a “good way of occupying a home”, English Housing Survey 2013–14, *Comparison of Tenure Groups*: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/461442/Chapter_2_Comparison_of_Tenure_Groups.pdf [accessed June 2016]

¹⁰⁵ Q 17 (Toby Lloyd); see also written evidence from Renters’ Rights UK (EHM0050); see also Professor Danny Dorling who claimed that an increasing number of families with children lived in the private rented sector with “minimal security” (Q 50).

- restricting the relief on finance costs that landlords of residential property can claim to the basic rate of income tax;¹⁰⁶
 - introducing a higher rate of stamp duty on purchases of additional residential properties;¹⁰⁷
 - exempting gains on residential property from a reduction in capital gains tax; and¹⁰⁸
 - reducing tax relief on allowances for wear and tear.¹⁰⁹
95. The Exchequer Secretary to the Treasury told the Committee these changes were about fairness:
- “We want to make sure that more property is available to first-time buyers and young people. It is fair that the treatment of buy-to-let property should come closer to what it would be if you were invested in equities.”¹¹⁰
96. Whilst the number of individual buy-to-let landlords has increased,¹¹¹ witnesses questioned whether they were “squeezing out” first time buyers.¹¹² Stephen Noakes of Lloyds Bank pointed out that between 2011 and 2015, first-time buyer numbers increased by 60 per cent: “The first-time buyer market has grown quite substantially over that period”.¹¹³
97. The Council for Mortgage Lenders predicted that the overall impact of the changes would be “to increase the cost and limit the availability of private rented sector homes”.¹¹⁴
98. We are also concerned that these recent changes, in particular the higher rate of stamp duty land tax, could hinder the development of a build to rent sector. Investors argued a flourishing build to rent sector could ameliorate some of the perceived problems in the private rental sector by supplying

106 HM Treasury, *Summer Budget 2015*, HC 264, July 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443232/50325_Summer_Budget_15_Web_Accessible.pdf [accessed April 2016]

107 HM Treasury, *Spending Review and Autumn Statement*, Cm 9162, November 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf [accessed April 2016]. After consultation, the Government said it would not exempt corporate landlords as it had initially planned.

108 HM Treasury, *Budget 2016*, HC 901, March 2016: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508193/HMT_Budget_2016_Web_Accessible.pdf [accessed April 2016]. The higher rate of capital gains tax was reduced from 28 to 20 per cent, and the basic rate from 18 to 10 per cent from 6 April 2016. There is an eight per cent surcharge on the new rates for gains on residential property.

109 *Ibid.*

110 [Q 244](#) (Damian Hinds MP); see also [Q 14](#) (Dame Kate Barker)

111 Professor Tony Crook told us that “The PRS has become increasingly dominated by individual landlords: In England the proportion of all PRS dwellings owned by individuals has risen from just over half in 1976 to over seven in ten by 2010” Written evidence from Professor Tony Crook ([EHM0090](#)).

112 Introducing the changes in the Autumn Statement 2015, the Chancellor stated: “Frankly, people buying a home to let should not be squeezing out families who can’t afford a home to buy. So I am introducing new rates of Stamp Duty that will be 3 per cent higher on the purchase of additional properties like buy-to-lets and second homes.” HM Treasury, *Spending Review and Autumn Statement*, *op. cit.*

113 [Q 87](#) (Stephen Noakes)

114 Written evidence from the council for Mortgage Lenders ([EHM0064](#)). The Committee also received a number of submissions from individual buy-to-let landlords outlining the impact of the changes on their businesses.

high quality homes and providing greater security of tenure.¹¹⁵ We were told that an estimated £30 to £50 billion could be available from institutional investors to invest in the private rental sector.¹¹⁶ However, the British Property Federation stated that if the stamp duty increase was to apply to institutional investors “we may as well forget it” as the “institutional money has lots of places to invest.”¹¹⁷

Supply of social and affordable rented housing

99. The Government insisted that they wished to increase housing supply generally, including the supply of ‘affordable housing’ to rent.¹¹⁸ Nonetheless, the Government’s policies to increase home ownership, in particular the extension of the Right to Buy and Starter Homes, directly conflict with this goal.

Extension of the Right to Buy to housing associations

100. The long-standing policy of allowing council tenants to purchase their homes at a discount has resulted in a decrease in the overall stock of social housing as the homes sold have not been replaced.¹¹⁹ Concern remains that the homes which will be sold under the extension of the Right to Buy to housing association tenants will not be replaced on a like-for-like basis. The replacement homes which are built may not be in the same area, of the same size, or of the same tenure.¹²⁰
101. The extension of the Right to Buy will be funded by the sale of high value council properties.¹²¹ Liverpool City Council thought that this sale of high value stock would only “exacerbate” the shortage of social housing.¹²²

Starter Homes

102. Revisions to planning have extended the definition of ‘affordable housing’ to Starter Homes. As part of granting planning consent, builders agree to construct, or pay for the construction of, ‘affordable homes’. Previously, these were (very broadly) only homes for affordable rent and shared ownership. The agreements therefore ensured a supply of homes for rent to those on low incomes.¹²³ The inclusion of Starter Homes means that these agreements will now prioritise homes for private sale.

115 Nick Jopling of Grainger PLC and Chris Taylor of the British Property Federation stated that institutional investors were in a position to offer tenants longer leases ([Q 222](#) and [Q 216](#)); see also [Q 59](#) (Andrew Rose) and written evidence from the Greater Manchester Combined Authority ([EHM0135](#)).

116 Written evidence from the British Property Federation ([EHM0133](#))

117 [Q 225](#); at the time this evidence was given the increase only applied to landlords with fewer than 10 properties. This was changed in the March 2016 budget to apply to all residential landlords. HM Treasury, *Budget 2016*, *op. cit.*

118 [Q 237](#) (Brandon Lewis MP). For the Government’s definition of ‘affordable housing’ see Box 2 below.

119 [Q 22](#) (Toby Lloyd), written evidence from the London Tenants Association ([EHM0099](#)) and [Q 11](#) (Martin Wolf)

120 [Q 118](#) (David Orr), written evidence from Greater Manchester Combined Authority ([EHM0135](#)) and written evidence from the City of London Corporation ([EHM0119](#))

121 Housing and Planning Act 2016, [Chapter 1](#)

122 Written evidence from Liverpool City Council ([EHM0039](#)); see also [Q 129](#) (Cllr Sue Derbyshire) and written evidence from Bolton Parish Council ([EHM0040](#))

123 These agreements are made under section 106 of the Town and Country Planning Act 1990, see Chapter 3 for full details of this section.

Box 2: Types of ‘affordable housing’

Prior to the inclusion of Starter Homes, the three types of housing within the National Planning Policy Framework definition of ‘affordable housing’ were:

- **Social housing:** this is housing owned by local authorities and housing associations, for which guideline target rents are determined through a national rent regime.
- **Affordable Rented housing:** these are properties provided by local authorities or housing associations to households who are eligible for social rented housing.¹²⁴ The main difference between Affordable Rented homes and social housing is the method by which rents are set: Affordable Rent is required to be no more than 80 per cent of the local market rent. In practice this is generally higher than a comparable social rent.
- **Intermediate housing:** these were homes for sale (for example through shared ownership) and rent provided at a cost generally above social rent, but below market levels. For of rented accommodation rents are usually about 80 per cent of the market rent.

103. The concern of witnesses was that the overall result will be fewer homes for social and Affordable Rent being built and a consequent reduction in the number of homes available for tenants on a low income.¹²⁵ Starter Homes will not remain affordable in perpetuity.¹²⁶

Conclusions on Tenure

104. **The Government has chosen to promote the expansion of owner occupation. This reflects the aspiration of many people to own their home. However, it must be recognised that home ownership, whilst a wish for many, is not achievable for all.**
105. **The Government’s focus on home ownership neglects other tenures; those on the cusp of ownership are helped and those who need secure, low cost rental accommodation are not. Opportunities to increase investment and funding in the private rental sector are potentially undermined by policies designed to assist owner occupation.**

124 These are part of a programme provided under the Affordable Rents regime completed in 2015 or dwelling that the housing association chooses to transfer from social rented housing when the property becomes vacant. DCLG, *Guidance on Rents for Social Housing, March 2014*, p 11: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/313355/14-05-07_Guidance_on_Rents_for_Social_Housing_Final_.pdf [accessed April 2016].

125 [Q 117](#) (David Orr); see also written evidence from Greater Manchester Combined Authority ([EHM00135](#)) and written evidence from the London Borough of Islington ([EHM0141](#))

126 The Government initially proposed that Starter Homes could not be sold at full market value for a ‘restricted period’ of five years after purchase. In technical consultation in March 2016 the Government sought views on “on a tapered approach which enables the starter home to be sold at an increasing proportion of market value, stepping up to 100% over time”. The Government indicated that it did “not support extending the restricted period beyond the first 8 years of occupation”. DCLG, *Starter Homes Regulations: technical consultation*, March 2016: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/510478/Starter_homes_regulations_technical_consultation.pdf [accessed April 2016].

CHAPTER 3: PLANNING REFORM

106. Where development is located, its density, its supporting infrastructure, and the obligation to build ‘affordable housing’ are among the matters regulated by the planning system.¹²⁷ This chapter considers reforms to planning that would help increase the speed of delivery of new housing and make the process easier to negotiate, particularly for smaller builders. Planning policy is a devolved matter and the detail of the system and recommendations contained in this chapter apply only to England.

The current planning system

107. The planning system is governed by the National Planning Policy Framework published in March 2012.¹²⁸ This sets out the Government’s planning policies and how the Government expects the framework to be applied.¹²⁹ It was described by Dame Kate Barker as a “big step forward” and accompanied by “some very good guidance”.¹³⁰
108. A number of revisions have recently been proposed by the Government to the National Planning Policy Framework and guidance. Some of these changes are contained in the Housing and Planning Act 2016 and will be implemented shortly while others have only been announced in outline.¹³¹

Criticism of the planning system

109. Those engaged with the planning system, including witnesses who supported the principles of the present approach, conceded that it currently does not always operate effectively. Criticisms of the planning process were that it provided insufficient incentives for local authorities and developers and the system was slow, complex and costly.

Incentives for local authorities and developers

110. Witnesses considered that the operation of the planning system did not provide local authorities with sufficient incentives to allow developments. This absence of sufficient incentives was not limited to the local planning authority, but also affected local residents and developers. Three linked problems were identified in evidence to the Committee.
111. First, local opposition creates political pressure on local councils to resist development.¹³² Dame Kate Barker pointed out that this is a conflict which has “gone on for quite a long time”.¹³³ She thought that at the centre of this conflict are local politicians who,

127 See Box 2 in Chapter 2 for the type of properties that count as ‘affordable housing’.

128 DCLG, *National Planning Policy Framework*, March 2012: <https://www.gov.uk/government/publications/national-planning-policy-framework--2> [accessed April 2016]

129 DCLG, ‘Planning Practice Guidance’: <http://planningguidance.communities.gov.uk/> [accessed April 2016]

130 Q 2 (Dame Kate Barker)

131 Details of these changes can be found in Annex 4

132 The Committee received written evidence from individuals concerned about specific plans for development in their local area or generally about local planning policy (written evidence from Robert Edwards (EHM0049) and written evidence from Malcolm Ramsay (EHM0044)

133 Q 2 (Dame Kate Barker)

“struggle with the question of, ‘Gosh, we really have to find places for all these homes. Where are we going to put them so that we will not be thrown out at the next local election?’”¹³⁴

112. Second, there is currently no immediate financial benefit to the local authority from the planning process.¹³⁵ The ‘windfall’ created by the grant of planning permission is retained by the landowner.¹³⁶ Arrangements under section 106 of the Town and Country Planning Act and the Community Infrastructure Levy can partially address this disparity.¹³⁷ However, these schemes do not operate transparently and it is not always clear, in particular to local residents, what a development has funded. Councillor Sue Derbyshire, Housing and Planning Lead, Greater Manchester Combined Authority, acknowledged that: “Without some way of capturing that uplift in value or some part of that uplift in value, we are not getting an awful lot ... out of Section 106 agreements”.¹³⁸
113. Changes to business rates which allow the local authority to retain rates raised in their area could provide a reward to local authorities who increase development and could alter the incentives available to local authorities. Martin Wolf considered that this “seems to provide an encouragement at least for commercial development.”¹³⁹ The Government also proposes changes to the local government finance regime to ensure that local authorities are funded through “local financing—... Council Tax and business rates—rather than central government grant.”¹⁴⁰
114. Finally, the incentives for builders to develop permissioned land were repeatedly questioned. As detailed in Chapter 1, private builders are not incentivised to develop land quickly. Later in this chapter we consider how the planning system could be used to expedite private house building.

A slow, complex and costly system

Delays in the planning system

115. Individuals and companies who found the planning process cumbersome highlighted what they believed to be unjustified delays throughout the

134 [Q 2](#) (Dame Kate Barker); see also [Q 143](#) (Lord Kerslake)

135 The New Homes Bonus, however, does provide financial bonuses to local authorities who build new homes in their area. Under the scheme, local authorities receive a bonus for each new home built or empty home brought back into use. The amount of the bonus is equivalent to the council tax that the new home would provide to the local authority. The design of the scheme includes an enhancement for each affordable home built. The bonus—and any affordable home uplift—is paid for six years after the new home is built. The money paid under the bonus is not ring-fenced for housing. In December 2015, DCLG published a consultation on changes to the bonus. The changes proposed include reducing the number of years the bonus is paid from six to four and linking payments to the completion of local plans (DCLG, *New Homes Bonus: Sharpening the Incentives*, December 2015: <https://www.gov.uk/government/consultations/new-homes-bonus-sharpening-the-incentive-technical-consultation> [accessed April 2016])

136 Written evidence from the Centre for Progressive Capitalism ([EHM0094](#))

137 See Box 3

138 [Q 139](#) (Cllr Sue Derbyshire). Reforms to the planning system to capture this gain are considered at below.

139 [Q 5](#) (Martin Wolf)

140 Cities and Local Government and Devolution Act 2016 and HC Deb, 8 February 2016, [col 1333](#) (Statement by the Secretary of State for Communities and Local Government on the final local government finance settlement for 2016 to 2017)

planning process.¹⁴¹ Two key points of delay identified by witnesses who regularly engaged with the planning system were:

- (a) The imposition of planning conditions and delays certifying compliance with these conditions.¹⁴² David Orr from the National Housing Federation stated that in his experience it could be a year after planning consent was granted “before you can actually lay a brick”.¹⁴³
- (b) Negotiating agreements under section 106 of the Town and Country Planning Act.¹⁴⁴ Pocket Living, a developer of “affordable homes”, stated that it took 16 weeks to obtain a planning consent and a further 22 to 44 weeks to negotiate the section 106 agreement.¹⁴⁵

Complexity

116. Small builders and individuals felt that the “complexity and uncertainty” of the planning system hindered their ability to develop sites.¹⁴⁶ John Stewart of the Home Builders Federation noted that the same effort and resource was required whether the application was for a large or a small development. He considered that the “details you have to submit are quite a strain and a constraint.”¹⁴⁷
117. Small builders told us that as the complexity of planning increased, their in-house resources were no longer sufficient to navigate the process and they needed to employ outside agents and consultants.¹⁴⁸

Cost of planning

118. The complexity of the system and the opportunities for legal challenge were two factors that builders and developers considered led to an increase in their costs. Jennie Daly from Taylor Wimpey told us that “it can cost many hundreds of thousands of pounds to get a planning consent”.¹⁴⁹ Smaller builders concurred that the cost of planning was high. Chris Carr recounted that a recent application had cost his small building company £275,000 in consultancy and legal fees.¹⁵⁰

141 Other sources of delay suggested to us were litigation resulting from local challenges to planning decisions as a source of delay [Q 137](#) Cllr Sue Derbyshire; also written evidence NIESR ([EHM0061](#)) and written evidence from Kathy Miller ([EHM0025](#)). Other witnesses considered that local authority planning departments adopted a formulaic approach designed for large developments which hindered the plans of small companies and custom builders. Written evidence from Pocket Living ([EHM0109](#)) and written evidence from Helen Johnson ([EHM0062](#)).

142 [Q 94](#) (Jennie Daly) and [Q 3](#) (Dame Kate Barker)

143 [Q 115](#) (David Orr)

144 For the provision of affordable housing or other measures to mitigate the impact of a development.

145 Written evidence from Pocket Living ([EHM0109](#))

146 [Q 143](#) Lord Kerlake and [Q 164](#) Brian Berry

147 [Q 104](#) (John Stewart) and written evidence from the Federation of Master Builders ([EHM0140](#)). The Federation’s annual survey of members asks what they feel are the main constraints on building more homes. In 2015 planning in general was felt to be a main constraint by 57 per cent and s 106 and CIL were cited as a main constraint by 34 per cent and 22 per cent respectively. Other major constraints were the availability of land (68 per cent) and access to finance (62 per cent) (written evidence from the Federation of Master Builders ([EHM0140](#))).

148 Written evidence from the Federation of Master Builders ([EHM0140](#)) and written evidence from Derek Minns ([EHM0005](#))

149 [Q 99](#) (Jennie Daly)

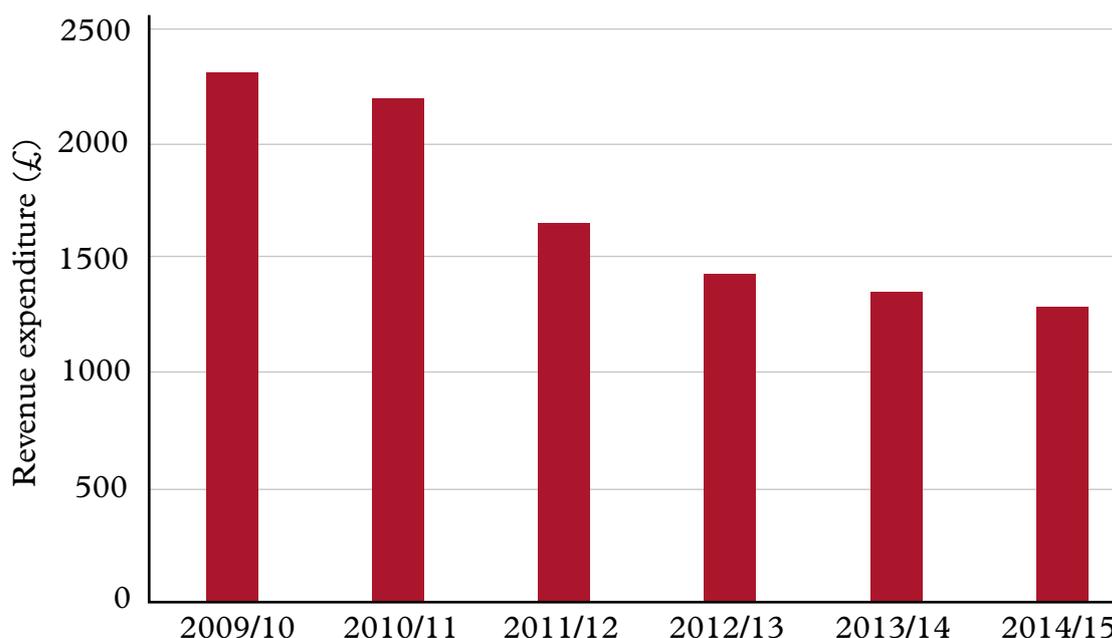
150 [Q 168](#) (Chris Carr)

Increasing resources

Reduction in local authority expenditure on planning

119. Local government has experienced a decrease in funding since 2009.¹⁵¹ These cuts have fallen particularly heavily on planning departments: as Figure 11 shows, since 2009/10 local authority revenue spending on planning and development has fallen by nearly 50 per cent.

Figure 11: Local Authority, net revenue expenditure on planning and development services (England only) (2009/10–2014/15)



Source: DCLG, *Revenue Expenditure and Financing*: <https://www.gov.uk/government/collections/local-authority-revenue-expenditure-and-financing> [accessed April 2016]

120. Local authority planning departments are, we were told, “under resourced” and “desperately short of ... staff”.¹⁵² This has limited their capacity to process applications, led to “bottlenecks in the system”¹⁵³ and decreased the expertise available.¹⁵⁴ One result is that when negotiating complex agreements with well-funded, private companies there is an inequality of arms between local authority planners and the developers.¹⁵⁵

Planning fees: current system

121. The last nationally approved increase in fees was in 2012.¹⁵⁶ The fees paid by the applicant seeking planning permission does not cover the cost to the local authority of processing the application.¹⁵⁷

151 The Institute for Fiscal Studies has estimated that central government funding to local authorities fell by more than 20 per cent between 2009/10 and 2014/15 (Institute for Fiscal Studies, *Central Cuts, Local Decision-Making, changes in local government spending and revenues in England, 2009–10 to 2014–15*, March 2015: <http://www.ifs.org.uk/uploads/publications/bns/BN166.pdf> [accessed April 2016])

152 [Q 115](#) (David Orr), [Q 143](#) (Lord Kerslake) and [Q 97](#) (John Stewart); see also [Q 97](#) (Jennie Daly)

153 [Q 3](#) (Chris Walker)

154 [Q 137](#) (Cllr Sue Derbyshire) and [Q 32](#) (Dr Steve Wilcox)

155 [Q 137](#) (Lord Best) and [Q 32](#) (Dr Steve Wilcox)

156 The Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) Regulations 2012 ([SI 2012/2920](#))

157 [Q 149](#) (Lord Porter of Spalding)

122. In February 2016, the Government launched a technical consultation on limited changes to the regime of planning fees.¹⁵⁸ This proposed to increase fees by a “proportionate amount”. Any increase would not be available to all local authorities but “go hand-in-hand with the provision of an effective service” and be available “only to those authorities that are performing well.”¹⁵⁹
123. A further, related change contained in the Housing and Planning Act 2016 is intended to introduce competition to the planning process by allowing ‘approved providers’ in pilot areas to compete with local authority planning departments to process planning applications.¹⁶⁰ The final decision on whether or not to grant permission for development would remain with the local authority.

Changes to planning fees

124. Lord Kerslake argued that “we desperately need a more flexible planning fee system that allows local authorities to invest in their planning capacity.”¹⁶¹ Many witnesses supported the proposal that the fees for planning applications should be increased and that local authorities should be given discretion to decide the level of fees to charge.
125. Builders and developers told us they would be “happy to pay higher fees”.¹⁶² They wished that the money raised be used to fund planning improvements and not be absorbed into the general funds of the local authority.¹⁶³
126. The Government consultation limits any increase in fees to local authorities who are performing well.¹⁶⁴ The Minister for Housing considered that granting local authorities a general discretion to increase fees could be open to “abuse” and that there was “potential for a local authority to use that in a way to discourage development”.¹⁶⁵ The Government opposed an amendment to the Housing and Planning Act 2016 intended to provide greater freedom and flexibility to local authorities to set their fees.¹⁶⁶
127. **Adequately resourced planning departments are crucial to the effective delivery of development. It is possible to mitigate the effects of reductions in local authority spending on planning by increasing the fees that can be charged for planning applications. Builders and developers are willing to pay more.**
128. **We recommend that the Government:**
- (a) **allows local authorities to set and vary planning fees in accordance with the needs of their local area. To prevent abuse there should be an upper limit or cap on the level of fees. To allow sufficient discretion to local authorities, this cap should be**

158 DCLG, *Technical consultation on implementation of planning changes*, February 2016: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/507019/160310_planning_consultation.pdf [accessed April 2016]. The consultation closed on 15 April 2016.

159 *Ibid*

160 Housing and Planning Act 2016, [section 161](#)

161 [Q 143](#) (Lord Kerslake)

162 [Q 157](#) (Trudi Elliott); see also [Q 3](#) (Chris Walker)

163 [Q 157](#) (Trudi Elliott) and [Q 174](#) (Chris Carr)

164 DCLG, *Technical consultation on implementation of planning changes*, *op. cit.*

165 [Q 253](#) (Brandon Lewis MP)

166 HL Deb, 20 April 2016, [cols 716–724](#). Speaking for the Government Baroness Williams of Trafford stated that she was “deeply concerned that this amendment, [has] no protections or safeguards to prevent local authorities setting excessive and unreasonable fees”

**significantly higher than the current fees that can be charged;
and**

- (b) **provides that the money raised from these fees is ring-fenced for expenditure on planning and development.**

Accelerating build out rates

129. The planning system could also have a role in altering the behaviour of private builders. A criticism made of the large house builders that we examined in Chapter 1 is that they hold land suitable and with permission for building, yet build at a slow pace and thus maximise the profit from each development.¹⁶⁷ This part of our report considers how the planning system could be used to narrow that gap by using measures designed to speed up the rate at which sites are developed.
130. Witnesses proposed two types of incentive to address this issue. The first would put strict time limits on the use of planning consents; the second would use the tax system to impose financial penalties on builders who do not develop permissioned land.

Planning consents: ‘use it or lose it’

131. Planning permission is granted subject to a condition that specifies the time limit within which development must begin. The default time limit, which may be varied by the local authority, is three years.¹⁶⁸ Once development has begun, there is no time limit on its completion. To fulfil the condition, work on the site must simply ‘begin’. “Any material operation” related to the development is sufficient.¹⁶⁹ Once development has begun, there is no time limit on its completion.
132. Various ways of strengthening the existing regime have been proposed such as:
- Developers should lose planning permission after three years unless they “use their best endeavors [sic] to develop a site”.¹⁷⁰
 - The lifespan of a planning consent should be limited to two years and a stricter test applied to what would count towards work on a site beginning.¹⁷¹
 - Local authorities should have the power to compulsorily purchase permissioned but undeveloped land at 50 per cent of its market value.¹⁷²
133. Perhaps unsurprisingly, house builders did not favour any of the above schemes. Those who had experience of development considered that losing

167 See Chapter 1

168 Town and Country Planning Act 1990, [section 91](#). In the case of outline planning permission, reserved matters must be resolved within three years and development start within two years of resolution.

169 Town and Country Planning Act 1990, [section 56\(4\)](#). The test is an objective one: the intention of the developer—whether to start building or simply to do enough to stop the expiry of the planning consent—is immaterial *Riordan Communications Ltd v South Buckinghamshire District Council* (1999) 81 P & CR 85.

170 Written evidence from the Royal Institute of Chartered Surveyors ([EHM0151](#))

171 Sir Michael Lyons and others, *The Lyons Housing Review*, October 2014: http://www.yourbritain.org.uk/uploads/editor/files/The_Lyons_Housing_Review_2.pdf [accessed April 2016]

172 Written evidence from the Campaign to Protect Rural England (EHM0092) and Civitas, *The Housing Question: Overcoming the shortage of homes*, March 2016: <http://www.civitas.org.uk/publications/the-housing-question/> [accessed April 2016]

planning permission if building work was delayed was unfair. Dr Peter Williams of the Cambridge Centre for Housing and Planning Research said that “the reality is that big-site developments can often take a very long time.” He drew attention to the fact that the start of the build could be delayed by factors outside the control of the developer.¹⁷³

Changes to taxation

134. The case for changes to the taxation system was summarised by Dr Clive Skidmore, Head of Housing Development at Birmingham City Council:

“A piece of land can be bought on the open market. If someone secures planning approval for it, it can then be sold at a profit. [...] In the meantime, the land is sitting there and we are not getting the homes to be built on it. One suggestion that has been made about how we could deal with that is to tax those sites, because at the moment people are paying no tax on them whatever. [...] You have to pay tax on any other kind of building, but you do not have to pay tax on those development sites.”¹⁷⁴

135. A practical but effective proposal is to use the existing but imperfect system of council tax and business rates to incentivise developers. If a developer failed to complete a site within a set period of time, council tax and business rates would be levied as if the property had been built. This idea was supported by the President of the Local Government Association, Lord Porter of Spalding and Tony Lloyd of Shelter:

“Where a developer has planning permission to develop and after a certain period of time nothing happens ... council tax and business rates could be levied as if that property had been built, because that would provide a spur and an incentive for them to build the homes that they, after all, have been given permission to build.”¹⁷⁵

136. Lord Kerslake also favoured this model. He suggested that it should remain at the discretion of the local authority who could remit the charge if there were good causes for the delay in development. The importance of the tax, in his opinion, lay in its symbolism rather than its revenue raising potential.¹⁷⁶
137. The advantage of using council tax or business rates is twofold: first it sits within the existing taxation system and would not require wider reform of property tax. Second, it complements the Government’s agenda to devolve further powers to local authorities and make local authorities reliant on their own revenue streams (through measures including the retention of business rates) and not central government grants.¹⁷⁷
138. The Government suggested in evidence that they did not favour using council tax as a stick to incentivise developers. The Minister for Housing was concerned that a tax on permissioned land could have unintended consequences and cause delays in applying for planning permission.¹⁷⁸ This

173 [Q 32](#) (Dr Peter Williams); see also [Q 143](#) (Lord Best)

174 [Q 130](#) (Dr Clive Skidmore)

175 [Q 27](#) (Toby Lloyd)

176 [Q 144](#) (Lord Kerslake)

177 Cities and Local Government and Devolution Act 2016 and HC Deb, 8 February 2016, [col 1333](#) (Statement by the Secretary of State for Communities and Local Government on the final local government finance settlement for 2016 to 2017)

178 [Q 256](#) (Brandon Lewis MP); see also [Q 4](#) (Dame Kate Barker) and [Q 101](#) (Jennie Daly)

seems implausible given the added value which receipt of planning permission confers.

Conclusions on planning incentives

139. **We recommend that local authorities are granted the power to levy council tax on developments that are not completed within a set time period. This time period should be negotiated when planning consent is sought and be varied according to the size and complexity of a development. To ensure that the local authority also has an incentive to accelerate the process, the clock should start to run only when the local authority has signed off all conditions and obligations.**

Reform to section 106 and the Community Infrastructure Levy

140. Developers are expected to contribute to the wider costs of building through the Community Infrastructure Levy and agreements under section 106 of the Town and Country Planning Act 1990.

Box 3: Section 106 and the Community Infrastructure Levy

The purpose of section 106 is for the developer and the local authority to agree a contract relevant to a specific development that will mitigate its impact. These commonly include the provision of ‘affordable housing’ and payment for additional infrastructure.

The Community Infrastructure Levy is a more recent innovation. A local authority may set a levy on all new building in their area. The money raised is used to fund general infrastructure. Local authorities can choose whether or not to charge the levy, set the rate of the levy and vary it between different parts of their authority or types of land.

The two schemes do overlap and when the Community Infrastructure Levy was introduced, restrictions were placed on the use of section 106 conditions to prevent double charging.

*Source: Town and Country Planning Act, [section 106](#); Community Infrastructure Regulations 2010, (SI 2010/948); DCLG Planning Practice Guidance, *op. cit.**

141. Section 106 has become closely associated with the provision of ‘affordable housing’.¹⁷⁹ Professor Tony Crook of Sheffield University argued that these obligations had “produced very significant sums of money for ‘affordable housing’ and for local infrastructure”.¹⁸⁰ In England in 2014/15, 14,370 additional affordable homes were provided under section 106 schemes.¹⁸¹
142. The transparency of the Community Infrastructure Levy and the local discretion as to its use were commended by witnesses who considered a strength of the Levy was that it was not tied to one particular development

179 Housing associations considered that section 106 contracts were “an important part of ensuring ... affordable housebuilding” [Q 116](#) (David Montague); see also written evidence from the National Housing Federation ([EHM0144](#))

180 [Q 160](#) (Prof Tony Crook), who estimated that section 106 had produced £5 billion in 2007/08 and £4 billion in 2011/12, and [Q 161](#) (Trudi Elliott)

181 DCLG, ‘Live Table 1000: additional affordable homes provided by type of scheme’, <https://www.gov.uk/government/statistical-data-sets/live-tables-on-affordable-housing-supply> [accessed June 2016]. 3020 of these homes were for social rent, 5180 for affordable rent and 6170 for affordable home ownership.

and so could be used for “infrastructure that straddles more than one scheme.”¹⁸²

143. Section 106 obligations and the Community Infrastructure Levy were seen by other witnesses as ineffective and an obstacle to development. Small and niche builders in particular felt that the increasing obligations imposed by local authorities had “worked against SME housebuilders”.¹⁸³ McCarthy & Stone Ltd, a retirement housebuilder, considered that the obligations and charges meant they could not bid competitively for land against developers seeking to purchase for non-residential use.¹⁸⁴
144. A further difficulty identified was that the complicated nature of section 106 agreements makes it difficult to calculate the value of the contributions made. David Orr of the National Housing Federation estimated that about 25 per cent of the planning gain is captured by section 106, but he accepted that it is “very much a case of sticking your thumb in the air”.¹⁸⁵
145. Professor Paul Cheshire of the London School of Economics, as part of a proposal for wider reform of the planning system, suggested that both section 106 and the Community Infrastructure Levy should be abolished and replaced by a single, national development charge of 20 per cent of the sale value of the land.¹⁸⁶
146. The Government have acknowledged these concerns and a series of changes to section 106 have been proposed and a review of the Community Infrastructure Levy is due to be published later this year.¹⁸⁷
147. **We recommend that as part of its ongoing reviews of planning obligations and the Community Infrastructure Levy the Government aims to achieve a system that is:**
- (a) **Simple, so time is not wasted negotiating consents and delaying building.**
 - (b) **Transparent, so the value of the contribution made by a developer can be easily quantified and local communities can understand what a new development has paid for and its value. This value should be sufficient to provide an incentive to the local authority to grant planning permission.**
 - (c) **Responsive to the concerns of small and niche builders, which may require exemptions for certain types or sizes of development.**

182 [Q 151](#) (Lord Kerslake) and [Q 253](#) (Brandon Lewis MP)

183 [Q 164](#) (Brian Berry) and [Q 171](#) (Chris Carr)

184 [Q 100](#) (Gary Day); see also [Q 109](#) (John Stewart)

185 [Q 117](#) (David Orr). The planning gain is the difference between the value of land without planning permission and the (higher) value of the land once permission is granted).

186 Written evidence from Prof Paul Cheshire ([EHM0156](#), [EHM0159](#) and [EHM0168](#))

187 DCLG, *Review of the Community Infrastructure Levy, Terms of Reference*, November 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/476681/151027_CIL_TOR_FINAL.pdf [accessed April 2016]. This review is expected to assess the relationship between section 106 and the Community Infrastructure Levy, analyse the operation of the Levy and make recommendations for improvement. See Annex 4 for details of the proposed changes. It has been reported that the review will recommend an overhaul of the system to reduce complexity. The Estates Gazette, ‘CIL red tape set for cut’, June 2016: <http://www.egi.co.uk/news/cil-red-tape-set-for-cut/?cmid=EMP|EGEG|EGNFB-2016-00603#> [accessed June 2016]

Other solutions and initiatives

148. There was a debate between witnesses as to the importance of planning reform. The spectrum of views included witnesses who considered that this was “critical” to ensure a functioning market to those who argued that “planning was not a problem”.¹⁸⁸ Witnesses who considered that planning was fundamental argued that only by radical change to this area would real improvements be made to the housing market. A number of ideas, which may be worthy of further consideration, were put to us. Two of these suggestions were building on the greenbelt and making land supply more responsive to demand.

Changes to the Greenbelt

149. Some witnesses considered that the Government should reconsider policy on the greenbelt.¹⁸⁹ Martin Wolf pointed out, “Most of the country is fields and ... most of them are not particularly beautiful. I think it is clear that part of the solution is to allow some building in the green belt. It is a necessary part. It is probably not the whole solution.”¹⁹⁰
150. Trudi Elliott from the Royal Town Planning Institute however thought that green belts had served “a very important purpose” and that building on the greenbelt “is a complex issue that is not really helped by some of the simplistic debate we have about it”.¹⁹¹

Land supply and market signals

151. Given the difference in price between residential and agricultural land described in Chapter 1, Professor Paul Cheshire, London School of Economics, considered that the current planning system took insufficient notice of the market price of land. He said this had led to a “long run systematic undersupply of land” and that “it is imperative that land supply decisions ... systematically respond to price information.”¹⁹² He proposed that if the difference in the price of land between its current use and proposed use for development exceeded a certain threshold, there should be a presumption in favour of development unless it could be demonstrated that the environmental or amenity benefits of the existing use were sufficiently valuable to society.¹⁹³
152. This proposal would represent a major reform to the planning process and is possibly controversial. While there may be a case for radical reform, substantial changes would also cause disruption and transitional problems over a number of years. **We do not take a view on this proposal, but**

188 [Q 143](#) (Lord Porter of Spalding); written evidence from the Royal Town Planning Institute ([EHM0151](#))

189 In evidence the Minister was clear that the Government “are not planning any changes on green belt” policy. He noted that “If a local area wants to look at its green belt, it does so through its local planning process” ([Q 241](#)). The Campaign for the Protection of Rural England analysed proposals for the release of greenbelt land contained in local plans. The CPRE calculated that 275,000 houses planned for future development were on greenbelt land. The CPRE, *The Greenbelt Under Siege*, 25 April 2016, <http://www.cpre.org.uk/resources/housing-and-planning/green-belts/item/4276-green-belt-under-siege-2016>, [accessed June 2016]

190 [Q 15](#)

191 [Q 155](#)

192 Written evidence from Professor Paul Cheshire ([EHM0156](#))

193 Written evidence from Professor Paul Cheshire ([EHM0156](#)). Together with reforms to incentivise local authorities to allow development, Professor Cheshire thought this would reduce real house prices by around 40 per cent within 10 to 15 years; see also written evidence from The Institute for Economic Affairs ([EHM0120](#))

recommend that the Government investigates it and other proposals to improve land supply further.

CHAPTER 4: BUILDING MORE HOMES ON PUBLIC LAND

153. The Government has recently committed to releasing public land for housebuilding over the course of this Parliament. This chapter will examine the Government's plans, explore how many homes could be built on public land and investigate mechanisms for doing so.

Releasing public land for development

How many homes could be built on public land?

154. At least 900,000 hectares in England and Wales, six per cent of all land, are thought to be in public ownership.¹⁹⁴ The proportion of publicly owned land has been estimated to be higher in major urban areas at around 15 per cent of freehold property (this rises to over 20 per cent in London).¹⁹⁵ Quoting the Office of Fair Trading 2008 investigation into the housebuilding industry, the Home Builders Federation said that between a quarter and a third of all potential residential land was controlled by the public sector, "so it has an enormous role to play".¹⁹⁶
155. The London Land Commission has published a register of public land which identifies 40,000 sites across the capital; they estimate that 130,000 new homes could be built on surplus public land in London.¹⁹⁷
156. Savills have estimated that two million homes could be built on public land in England.¹⁹⁸ They acknowledged however that a lack of transparency as to the extent of public land holdings is a "major drawback ... limited public data currently makes it impossible to conduct a comprehensive analysis of all public land." The Minister for Housing told the Committee that he did not recognise the Savills estimate.¹⁹⁹

2011 to 2015 Government programme of public land release

157. In June 2011 the Minister for Housing announced that the Government planned to release enough public land to build as many as 100,000 new homes by 2015.²⁰⁰ By the end of March 2015, the Government had disposed of land with capacity for an estimated 109,950 homes across 942 sites.²⁰¹ The biggest contributors were the Ministry of Defence (38,778 homes), the Homes and Communities Agency (20,930 homes) and the Department of Health (15,185 homes).²⁰² The Minister for Housing indicated to the Committee that this programme had provided 100,000 homes.²⁰³

194 Telereal Trillium, *New Homes on Public Sector Land, Accelerating Delivery*, April 2016: http://www.telerealtrillium.com/cms/cms_files/high_res_final.pdf [accessed June 2016]

195 *Ibid.*

196 Written evidence from the Home Builders Federation ([EHM0131](#))

197 London Land Commission, Register: <https://maps.london.gov.uk/webmaps/LLC/> [accessed April 2016]

198 Savills, *Public Land, unearthing potential*, Autumn 2014: <http://pdf.euro.savills.co.uk/residential---other/spotlight-public-land.pdf> [accessed June 2016]. Savills said the estimate was based on analysis of public records of the central Government estate, the land holdings of the Greater London Authority and "market knowledge of the potential for development on NHS and local authority land."

199 [Q 243](#)

200 DCLG, 'Announcement: Government plans release of public land to build 100,000 homes', June 2011: <https://www.gov.uk/government/news/government-plans-release-of-public-land-to-build-100-000-homes> [accessed June 2016]

201 National Audit Office, [Disposal of public land for new homes](#), (24 June 2015, Session 2015–16, HC 87)

202 *Ibid.*

203 [Q 243](#). The Minister for Housing told the Committee the Government "had built 100,000 homes in the last Parliament."

158. The programme was however criticised by the National Audit Office in a June 2015 report.²⁰⁴

- The National Audit Office were unable to establish how many homes had been built on the released land as Government departments were not monitoring what happened to a site after it was sold.
- The quality of data on the number of homes that could be built was questionable: analysis of a sample of 127 of the sites found disparities in 35 per cent of the figures.
- There was no evidence of how the Government had chosen the 100,000 target or how it had divided that figure up among departments.
- The final figure of 109,950 homes included 15,740 homes from land sold before the programme started (as far back as 1997 in some cases) and 10,000 from land that had just moved outside the public sector (with the privatisation of Royal Mail and the conversion of British Waterways to a charitable trust).²⁰⁵
- Case studies of larger sites showed it might be up to 20 years before all the homes were built.

159. In response to the criticism on monitoring, the DCLG provided the Public Accounts Committee with some analysis of progress to date in January 2016.²⁰⁶ A sample of 100 sites that were expected to have capacity for around 9,000 homes showed that only 200 homes had so far been completed (and work had started on a further 2,400). These are disappointing numbers.

2015 to 2020 Government programme of public land release

160. The 2015 Autumn Statement announced that departments had committed to selling further land for more than 160,000 homes, as described in Table 5.

Table 5: Sales of land for housing as part of spending review settlements

Government department	Number of homes
Ministry of Defence	55,000
Department for Transport	38,000
Department for Communities and Local Government	36,000
Department of Health	26,000
Ministry of Justice	5,000
Department for Business, Innovation and Skills	1,000
Total	161,000

Source: HM Treasury, *Spending Review and Autumn Statement, Cm 9162, November 2015*: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf [accessed April 2016]

204 National Audit Office, *Disposal of public land for new homes*, *op. cit.*

205 In evidence to the Public Accounts Committee, the Department defended the inclusion of these figures on the basis that one of the objectives of the programme was to release sites that had stalled since the earlier sale. Oral evidence taken before the Public Accounts Committee, 16 July 2015 (Session 2015–16), [QQ 44–45](#) (Peter Schofield).

206 Written evidence from DCLG to the Public Accounts Committee ([DPL0001](#))

161. Giving evidence to the Public Accounts Committee in January 2016, Jon Thompson, Permanent Secretary at the Ministry of Defence, explained his Department's methodology in selecting sites:

“The Ministry of Defence owns 1,338 sites in the United Kingdom, but 85% of the built estate is on only 318 sites. We have been through all 318 of those sites and conducted a value-for-money assessment of each one in order to be able to present to our own Ministers an assessment of the various factors that would play out in all those 318 sites. This is done with a view to recommending to them which sites we think we should keep and which we should dispose of over a fairly long period.”²⁰⁷

162. The 2016 Budget also announced that local authorities would release public land with the capacity for a further 160,000 homes.²⁰⁸ The Minister for Housing confirmed to the Committee that the Government was aiming for 320,000 homes on public land in this Parliament.²⁰⁹ This amounts to almost one third of the Government's target for new homes.

163. For the 2015–2020 programme, the National Audit Office recommended that the DCLG and Homes and Communities Agency should decide:

“which organisations must take responsibility for monitoring what happens to land after disposal within the period that the target applies. This monitoring should include a record of the sales proceeds, the homes actually built, and any additional revenue generated up to 2020 at least. This information should be collated at the programme level to give a better indication of programme impact on homebuilding and enable an assessment of value for money.”²¹⁰

164. The Department committed to take account of the report's recommendations.²¹¹ Following up on those recommendations in a September 2015 report, the House of Commons Public Accounts Committee said they were “concerned by [the Department's] caution when challenged on whether it would be collecting information on the number of homes actually built.” They emphasised that without that information, the Department will be unable to measure the success of the new programme.²¹²

165. The Department told the Public Accounts Committee in January 2016 that it was still considering “how best to monitor build” for the new programme. It said it would publish programme documentation in spring 2016 that would include details of the governance, monitoring and assurance processes.²¹³ This does not appear to have been published yet.

207 Oral evidence taken before the Public Accounts Committee, 25 January 2016 (Session 2015–16), [Q 57](#) (Jon Thompson)

208 HM Treasury, *Budget 2016*, *op. cit.*

209 [Q 243](#). These homes are not in addition to the one million homes anticipated by the Government over the course of this Parliament.

210 National Audit Office, [Disposal of public land for new homes](#), *op. cit.*

211 HM Treasury, *Government responses on the First to the Third reports from the Committee of Public Accounts: Session 2015–16*, Cm 9170, December 2015 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/486482/52958_CM_9170_Treasury_Minutes_Accessible.pdf [accessed June 2016]

212 Public Accounts Committee, [Disposal of public land for new homes](#), (2nd Report, Session 2015–16, HC 289)

213 Oral evidence taken before the Public Accounts Committee, 25 January 2016 (Session 2015–16), [Q 38](#) (Melanie Dawes)

166. **We welcome the Government’s wish to bring public land forward for housebuilding. It can make a useful long-term contribution towards the supply of housing but we note that these efforts have yielded very little to date.**
167. **We endorse the conclusions and recommendations of the National Audit Office and Public Accounts Committee. Since the number of new homes the Government expects to be built on public land by 2020 amounts to nearly one third of their housebuilding target, it is essential that the Government should oversee the number of homes that are actually built. Such a role should be included within the National Infrastructure Commission’s remit.**

Type of homes that could be built on public land

168. Lord Best said there was no question about the availability of public land, but the issue was “what kind of intervention we need with that land that will capture it for the good of wider society.”²¹⁴ Public land provides an opportunity to build homes that the market is not necessarily willing to provide and to support the return of smaller builders.

Direct commissioning

169. One option is to directly commission the building of homes on public land. In January 2016, the Prime Minister announced that the Government would directly commission the building of ‘affordable homes’ on five sites.²¹⁵ The Government’s announcement of the schemes said that as well as providing low cost housing, the direct commissioning approach would also “support smaller builders and new entrants who are ready to build but lack the resources and access to land.”²¹⁶
170. Brian Berry from the Federation of Master Builders told us the principle was right but it is “very limited in scope at the moment” and would need to be on a much bigger scale to have any effect on his sector.
171. The direct commissioning of low cost homes with an explicit focus on using smaller builders is a welcome experiment. If successful, this is an approach that could be replicated on other publicly owned sites.
172. **We welcome the trial of direct commissioning but it should be a much bigger part of the housebuilding programme. The implementation of our recommendations on the financing of local authority building would help with this. Direct commissioning would also provide opportunities for smaller builders.**

Requirement to get full market value when selling public land

173. A number of witnesses questioned the requirement to get the best market value from the sale of public land. Stephen Noakes from Lloyds Banking Group said that to address affordability,

214 [Q 130](#)

215 See Box 2 for the Government’s definition of an ‘affordable home’.

216 Prime Minister’s Office and DCLG, ‘PM: the government will directly build affordable homes’, 4 January 2016: <https://www.gov.uk/government/news/pm-the-government-will-directly-build-affordable-homes> [accessed June 2016]

“you need to find a way to put subsidy in the system. Clearly, in the current economic period that is challenging, but public sector land, which is more of a balance sheet item, would be a good solution if there was a view to change that policy.”²¹⁷

174. Some witnesses highlighted how relaxing the requirement to get best value would help the provision of affordable homes and smaller builders. Oxford Brookes University said that “affordable housing” provision should be included in the criteria for disposing of public land.²¹⁸ Pocket Living said that local authorities could release land to smaller developers and if this was done quickly, it would “attract the smaller developers back into the market and get supply flowing again.”²¹⁹

Partnering with developers to provide homes for rent

175. Developers who build to rent were keen to partner with local authorities. The British Property Federation explained that institutions interested in investing in building homes for rent struggled to compete with house builders in bidding for private land, “therefore having access to public land is important.”²²⁰ They explained how some London boroughs were leasing their land to build to rent developers, retaining ownership and deriving an income from it. Grainger plc explained how they had developed a number of sites for the Royal Borough of Kensington and Chelsea.²²¹

176. The Orbit Group, a national housing association, called for central government to identify and release government owned land for building homes for rent:

“a development lease could be granted for developers, with the land cost deferred over (say) 30 years making the rent levels affordable compared to full market rate which is the case when buying private land.”²²²

177. **The release of public land provides a good opportunity to support the building of low cost homes and help smaller builders return to the market. The requirement to achieve best market value when releasing public land should be relaxed. This is only going to work however if there is a central scheme that approves and compensates public bodies who sell land below market value.**

Coordinating the release of central Government owned land

178. The Government Property Unit, Homes and Communities Agency and the National Infrastructure Commission have recently been assigned roles in the release of public land for housing. The responsibilities of each body, set out below, are not especially clear.

Government Property Unit

179. The Government Property Unit was established in 2010 as part of the Cabinet Office. It has central oversight over all government land and property. Its

217 [Q 180](#). The London Federation of Housing Cooperatives supported taking the “benefit to the community...rather than simply seeking the highest capital receipt.” Written evidence from the London Federation of Housing Co-Operatives ([EHM0134](#)).

218 Written evidence from Oxford Brookes University ([EHM0111](#))

219 Written evidence from Pocket Living ([EHM0109](#))

220 Written evidence from the British Property Federation ([EHM0133](#))

221 Written evidence from Grainger PLC ([EHM0083](#))

222 Written evidence from Orbit Group Ltd ([EHM0091](#))

objectives include to “dispose of surplus property in a way that maximises financial return” and to “boost growth and create new homes”.²²³

180. The 2015 Autumn Statement said that all relevant central Government land and property would be transferred to the Government Property Unit by the end of the Parliament. Departments would be charged market-level rents for freehold assets they currently own.²²⁴
181. The Housing and Planning Act 2016 requires public authorities to declare if and why they are holding surplus land.²²⁵ When public bodies are developing proposals to sell land, the Act requires them to engage with the local authority and other appropriate public authorities to ensure local policy considerations are taken into account. The Minister for Housing told the Committee that this was where the Government Property Unit came in: “in identifying this land and parts of the public estate where we can bring things together”.²²⁶

Homes and Communities Agency

182. The 2016 Budget said that the Homes and Communities Agency would work in partnership with Network Rail and local authorities to provide land around stations for housing, commercial development and regeneration.²²⁷
183. When asked whether the Cabinet Office is responsible for surplus government land disposal, the Minister for Housing told us “No. Surplus land disposal will come generally through the Homes and Communities Agency.”²²⁸ The DCLG have described the Homes and Communities Agency as “the government’s preferred organisation for the disposal of surplus central government land.”²²⁹

National Infrastructure Commission

184. The 2016 Budget announced that the National Infrastructure Commission would investigate proposals for “unlocking growth, housing and jobs in the Cambridge—Milton Keynes—Oxford corridor”. The Commission was asking to prioritise infrastructure that would help “develop new sites (including public sector land) to meet existing and expected housing need”.²³⁰
185. Given the possibly overlapping interests of the organisations above, we asked the Minister for Housing whether central Government was sufficiently joined up in its approach to releasing public land. He replied:

“I think we are more joined-up than I can imagine we have seen for a very long time in the sense that there is an absolute join-up between the Prime Minister and the Chancellor and generally, right across No. 10, No. 11, the Treasury and DCLG, on housebuilding and releasing public

223 Government Property Unit (GPU): <https://www.gov.uk/government/groups/government-property-unit-gpu> [accessed June 2016]

224 HM Treasury, *Spending Review and Autumn Statement*, Cm 9162, November 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf [accessed April 2016]

225 Housing and Planning Act 2016, [section 208](#)

226 [Q 243](#)

227 HM Treasury, *Budget 2016*, *op. cit.*

228 [Q 245](#)

229 DCLG, *Local Authority Assets, disposal guidance*, March 2016: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508307/160316_Land_disposal_guidance.pdf [accessed June 2016]

230 HM Treasury, *Budget 2016*, *op. cit.*

land. To be fair, all landholding departments are playing their part in that. That is reported back on regularly. We have a cross-government task force ... and at every meeting one of the standing items on the agenda, having worked up and identified that public sector land, is now reporting back on the progress on it ... I would argue that we have an immensely joined-up approach to this and a very cross-government approach and determination to deliver it.”²³¹

186. Lord Kerslake was concerned that the release of public land was not the priority for any individual government department:

“you have to persuade, cajole and threaten them to release this land and get on with it ... you could drive transparency of surplus land and centralise the process of taking that land and moving it out for development.”²³²

187. **A senior Cabinet minister must be given overall responsibility for identifying and coordinating the release of public land for housing, with a particular focus on providing low cost homes.**

231 [Q 245](#)

232 [Q 148](#)

CHAPTER 5: BUILDING BY LOCAL AUTHORITIES AND HOUSING ASSOCIATIONS

188. Local authorities and housing associations have an important role to play in increasing the supply of new homes. This chapter examines their importance and looks at how barriers to building can be removed.
189. Local authority housebuilding has significantly declined and, as Table 6 demonstrates, the increase in building by housing associations has not fully compensated for the long-term decrease in local authority supply.²³³

Table 6: Local Authority and housing association completions 1950–2015 (England only)

Decade	Local authority completions	Housing association completions
1950–1959	1,471,960	36,980
1960–1969	1,065,340	34,420
1970–1979	1,030,370	131,980
1980–1989	310,830	129,850
1990–1999	30,050	227,110
2000–2009	2,240	187,750
2010–2015	8,090	149,470

Source: DCLG, ‘Live Tables on House Building’, Table 244: <https://www.gov.uk/government/statistical-data-sets/live-tables-on-house-building> [accessed May 2016]

Capacity to increase housebuilding

190. Witnesses from some local authorities were enthusiastic about housebuilding. Dr Clive Skidmore, Head of Housing Development at Birmingham City Council, told us “there is no limit to our [housebuilding] ambition.”²³⁴ In written evidence, the City of London Corporation said that they were about to embark on their biggest housebuilding programme since the completion of the Barbican in 1976.²³⁵
191. A note of caution was sounded by other witnesses. Lord Best thought that the enthusiasm for building is not universal. He said that “lots of [local authorities] are out of this game altogether” and do not wish to become “deeply immersed” in housebuilding.²³⁶ Other witnesses noted that local authorities’ long absence from substantial housebuilding meant that they now lack the skills to oversee major development.²³⁷
192. Despite their ambitions, the number of units started and completed by local authorities is trivial compared to the number required. In contrast,

233 See introduction, Figure 1

234 [Q 127](#) (Dr Clive Skidmore); Dr Skidmore explained that in Birmingham, “Since 2009 ... we have built nearly 2,000 new homes through the council. ... We are developing over a quarter of all the new homes in the city and we have a programme to build another 2,000 homes over the next four years.”

235 Written evidence from the City of London Corporation ([EHM0119](#)); see also written evidence from the London Borough of Islington ([EHM0141](#))

236 [Q 126](#) (Lord Best)

237 Written evidence from the National Federation of Builders ([EHM0136](#)) and written evidence from Pocket Living ([EHM0109](#))

housing associations have built a substantial number of homes over the past decade.²³⁸ In written evidence the National Housing Federation pointed to the record of housing associations, claiming that the sector “built one in three of all new homes in England” in 2015 and wanted “to do even more”.²³⁹ Some of the large housing associations emphasised their commitment to putting resources into housebuilding.²⁴⁰ Asked to quantify how many houses could be built by housing associations, David Orr of the National Housing Federation estimated 75,000 homes each year.²⁴¹ Chris Walker from Policy Exchange considered that the sector had the capacity to produce 100,000 homes annually.²⁴²

Benefits of local authority and housing association building

193. Local authorities and housing associations can, if properly supported, make a significant contribution to the number of homes built across all tenures. This contribution is crucial as private building companies alone will not be able to build the number of houses required.
194. Local authorities and housing associations are able to build homes for social and affordable rent that would normally be unprofitable for the private sector.²⁴³ Lord Porter of Spalding explained how local authorities can benefit from cross-subsidy between tenures as they can “build private homes for sale and use some of the profit from those units to be able to build some more affordable homes”.²⁴⁴ Housing associations can also channel revenues from more lucrative private building into the construction of affordable and social rented property.
195. In addition, in local authority or housing association properties, vulnerable individuals and families with complex needs can be identified and supported by their housing providers. Councillor Sue Derbyshire, Housing and Planning Lead for the Greater Manchester Combined Authority, pointed out that there are “significant further pay-offs to the public purse of people who need to be in social housing being in there.”²⁴⁵
196. As well as increasing the overall supply, local authorities and housing associations can possibly build homes more quickly than the private sector. The pace of building by private building companies is constrained by their business model which is to maximise the profit made from a site and not the speed of delivery.²⁴⁶ Because private house builders frequently start building before they have got a buyer, they are exposed to a significant risk of carrying unsold homes on their balance sheet. Local authorities and housing associations are in effect the client who can sell or let the property and so do not carry this risk to the same extent.

238 See Table 6

239 Written evidence from the National Housing Federation ([EHM0144](#))

240 Written evidence from Orbit Group Ltd ([EHM0091](#)) and [Q 118](#) (David Montague). Those involved in the sector acknowledged that smaller housing associations had less appetite for, and fewer resources to support, housebuilding programmes. [Q 120](#) (Ian McDermott)

241 [Q 113](#) (David Orr)

242 [Q 5](#) (Chris Walker)

243 [Q 246](#) (Brandon Lewis MP)

244 [Q 143](#) (Lord Porter of Spalding); see also written evidence from the City of London Corporation ([EHM0119](#))

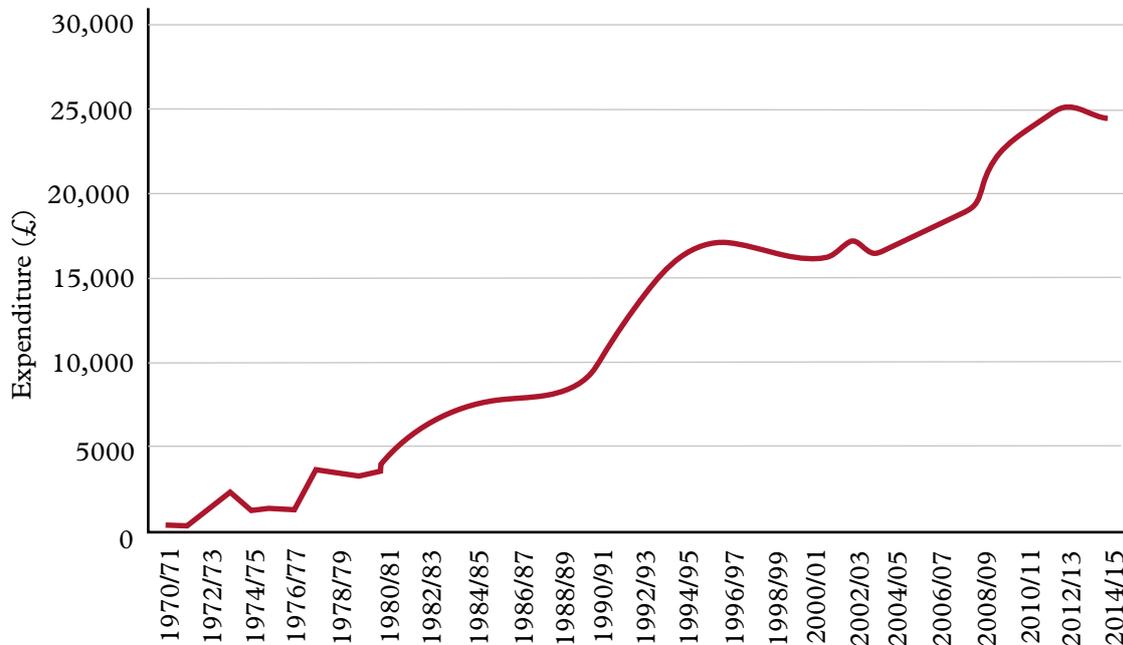
245 [Q 128](#) (Cllr Sue Derbyshire)

246 See Chapter 1

Reducing the housing benefit bill

197. In 2015 the Government spent nearly £27 billion on housing benefit payments, representing 10 per cent of total welfare spending.²⁴⁷ As Figure 12 demonstrates, government spending on housing benefit has increased.²⁴⁸

Figure 12: Expenditure on housing benefit (UK) 1970/71–2012/13, £ million, real terms (2014/15 prices)



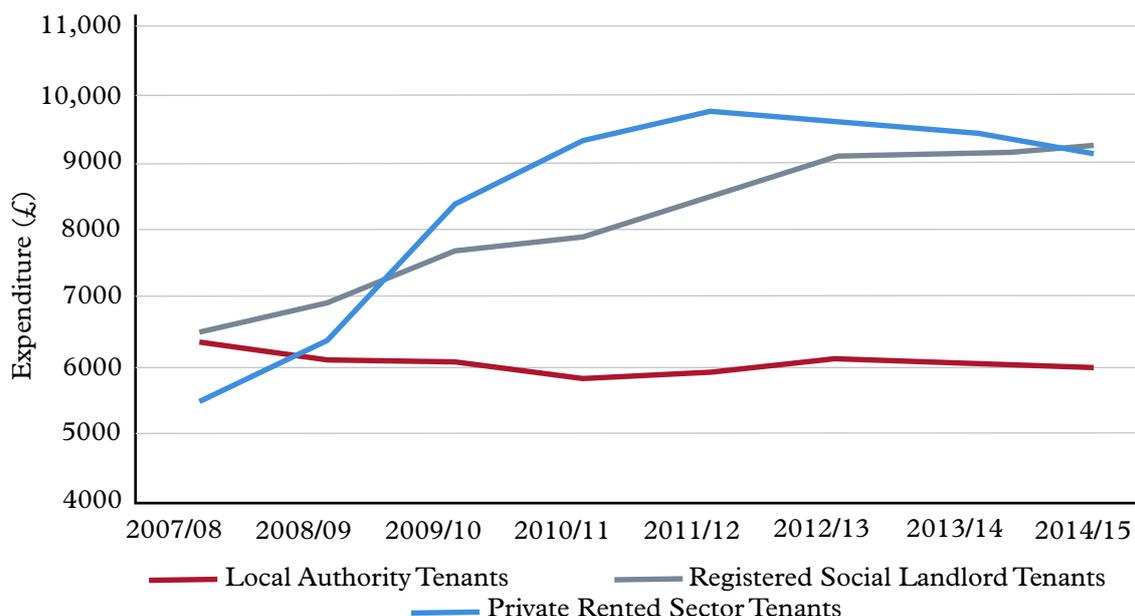
Source: Department for Work and Pensions, 'Outturn and Forecast, March Budget 2016', May 2016 <https://www.gov.uk/government/statistics/benefit-expenditure-and-caseload-tables-2016> [accessed June 2016]

198. Two long-term factors play a part in this increase: the reduction in the number of tenants paying social rents and the increase in tenants in the private rented sector.

247 Office for National Statistics, 'How is the Welfare Budget Spent?', 16 March 2016: <http://visual.ons.gov.uk/welfare-spending/> [accessed April 2016]; see also Q 127 (Dr Clive Skidmore)

248 Q 127 (Dr Clive Skidmore), written evidence from Shout Housing Campaign (EHM0045) and written evidence from the National Federation of Arms' Length Management Organisations (EHM0057)

Figure 13: Housing benefit claimants by tenure 2007/08–2014/15, £million (real terms (2015/16 prices))



Source: Department for Work and Pensions: <https://stat-xplore.dwp.gov.uk/> [accessed April 2016]

199. The Shout Housing Campaign believed that “the cost to the welfare system of supporting a household renting privately is almost always greater” than supporting the same household in socially rented accommodation.²⁴⁹ In 2015 a tenant in local authority accommodation received, on average, £82 a week in housing benefit; the average private sector tenant received £109 weekly.²⁵⁰
200. The National Federation of Arms’ Length Management Organisations and the Shout Housing Campaign highlighted research that attempted to quantify how the housing benefit bill would be affected if more tenants were housed in the social rather than private rented sector. This analysis claimed that building 100,000 new homes for social rent would, after an initial outlay, create a surplus for the Exchequer by 2035.²⁵¹
201. **We consider that local authorities and housing associations must be incentivised and enabled to make a much greater contribution to the overall supply of new housing. Without this contribution it will not be possible to build the number of new homes required. The likely reduction in the housing benefit bill over the long-term is a further reason to increase the supply of social and affordable rented housing through building by local authorities and housing associations.**

249 Written evidence from the Shout Housing Campaign (EHM0045). Comparisons between the two sectors are difficult due to differences in the type of tenants and length of time households receive benefits.

250 Department for Work and Pensions, *Housing Benefit Caseload statistics*, August 2015, updated February 2016: <https://www.gov.uk/government/statistics/housing-benefit-caseload-statistics> [accessed May 2016]; written evidence from the Cambridge Centre for Housing and Planning Research (EHM0047) and Capital Economics report (commissioned by the Shout Housing Campaign and the National Federation of Arms’ Length Management Organisations), *Building New Social Rent Homes, an economic appraisal*, August 2015: www.almos.org.uk/include/getDoc.php?did=7103&fid=8219 [accessed June 2016]. A tenant in housing association property received £93 on average each week.

251 Written evidence from the National Federation of Arms’ Length Management Organisations (EHM0057), written evidence from the Shout Housing Campaign (EHM0045). Capital Economics, *Building New Social Rent Homes, op.cit.*

Increasing building by housing associations

202. Housing associations have been able to build homes in greater numbers than local authorities.
203. Chris Walker of Policy Exchange considered that housing associations were in a strong position to fund the building of houses from their existing resources.²⁵² HSBC agreed, noting that housing associations had “accumulated significant resources”.²⁵³ In terms of their ability to borrow to fund development, Barclays, a major supplier of funds to the sector, wrote that housing associations “generally borrow on more favourable terms than mainstream builders, reflecting the historic stability of their core business model”.²⁵⁴ We heard evidence that their ability to fund this building is threatened by Government policies on housing.

Social rent reductions

204. Housing associations argued that their financial stability and long-term planning was undermined by changes in Government policy, in particular the reductions in social rents (see Box 4).

Box 4: Social rent reductions

In July 2013 the Government announced a 10-year settlement for social housing rents. Social housing rents would increase from 2015/16 at a rate of the consumer price index plus one per cent for a decade.²⁵⁵ Final guidance on the new settlement was published by the Government in May 2014.²⁵⁶

This policy was reversed in the Budget of July 2015 when the Chancellor announced that rents in social housing would be reduced by one per cent a year for four years, resulting in a 12 per cent reduction in average rents by 2020/21.²⁵⁷

These changes were contained in the Welfare Reform Act 2016 which received Royal Assent on 16 March 2016.²⁵⁸

205. The Government believed that housing associations could mitigate the impact of the reduction by making “savings in their operating costs and other parts of their business”.²⁵⁹ Housing associations were less sanguine in their analysis. The Orbit Group housing association predicted a “substantial impact” on its revenue.²⁶⁰ The Sanctuary Group housing association estimated that:

“In real terms the rent cut equates to a cumulative 16 per cent reduction in our projected income between now and 2020. This reduction equates

252 [Q 10](#) (Chris Walker). Mr Walker told the Committee that the sector had an overall surplus of £2.5 billion held in reserves.

253 Written evidence from HSBC ([EHM0162](#))

254 Written evidence from Barclay Bank PLC ([EHM0161](#))

255 HM Treasury, *Investing in Britain's Future*, Cm 8669, June 2013: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/209279/PU1524_IUK_new_template.pdf [accessed April 2016]

256 DCLG, *Guidance on Rents for Social Housing*, May 2014: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/313355/14-05-07_Guidance_on_Rents_for_Social_Housing_Final_.pdf [accessed April 2016]

257 HM Treasury, *Summer Budget 2015*, HC 264, July 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443232/50325_Summer_Budget_15_Web_Accessible.pdf [accessed April 2016]

258 Welfare Reform and Work Act 2016, [section 23](#)

259 [Q 68](#) (Fiona McGregor)

260 Written evidence from Orbit Group Ltd ([EHM0091](#))

to £13 million in the first year, growing to £53.8 million by 2020. This is an annual loss; the cumulative loss across the four years totals £133 million.”²⁶¹

206. Housing associations were also certain that efficiency savings alone would not cover the revenue shortfall and their building programmes would need to be altered. David Montague, Chair of the G15 Group of London housing associations and chief executive of the L&Q housing association, told us that as a “direct consequence” of the reduction to social rents, his association would change the tenure mix of its proposed developments. This would mean building more houses for private sale and fewer for social and affordable rent.²⁶² The Office for Budget Responsibility has estimated that 14,000 fewer affordable homes will be built by 2021.²⁶³
207. **We conclude that the cuts to social rent are short-sighted. Whilst they may reduce the immediate housing benefit bill, in the longer term they are likely to deter investment and reduce the available stock of social and ‘affordable housing’, thus requiring a greater number of tenants to live in, more costly, privately rented accommodation.**

Re-classification

208. Housing associations were also concerned about the reclassification of housing associations as part of the public sector. In October 2015, following a review, the Office for National Statistics announced that ‘private registered providers’—the definition of which includes almost all housing associations—would be considered as part of the public sector.²⁶⁴
209. As a result of this decision, the borrowing of housing associations is now included in the calculation of the public debt. Housing associations were concerned that this could place restrictions on their ability to borrow.²⁶⁵
210. The Government responded to the reclassification by bringing forward measures in the Housing and Planning Act intended to reverse the decision. Housing associations supported this move.²⁶⁶
211. **We support the Government’s efforts to reclassify housing associations as part of the private sector. The ability of housing associations to borrow to fund new development could otherwise be at risk.**

Increasing local authority housebuilding

212. We now turn to consider how local authorities could restart significant housebuilding. The current focus on fiscal restraint and deficit reduction means that large grants to local authorities to fund housebuilding are

261 Written evidence from the Sanctuary Group ([EHM0059](#)); see also written evidence from the Northern Housing Consortium ([EHM0118](#))

262 [Q 112](#) (David Montague)

263 Office for Budget Responsibility, *Economic and Fiscal Outlook*, Cm 9088, July 2015: http://budgetresponsibility.org.uk/docs/dlm_uploads/July-2015-EFO-234224.pdf [accessed April 2016]

264 Office for National Statistics, ‘Classification Announcement, Private registered providers of social housing in England’, 31 October 2015: <http://webarchive.nationalarchives.gov.uk/20160105160709/http://www.ons.gov.uk/ons/guide-method/classifications/na-classifications/classification-announcements-and-statements/index.html> [accessed April 2016].

265 [Q 121](#) (David Orr)

266 [Q 121](#) (David Orr), written evidence from Homes for the North ([EHM0100](#))

unfeasible.²⁶⁷ Therefore most local authorities must fund the building of new homes through borrowing.

Borrowing to build social housing

213. The ability of local authorities to borrow to build new social housing is constrained by the system known as the Housing Revenue Account. This imposes limits on the amount each local authority may borrow to build new social housing.²⁶⁸
214. This is different from local authorities' powers to borrow to build housing for private ownership or rent which are governed by the same prudential rules as other local authority borrowing. Under this prudential borrowing regime there is no upper limit on borrowing and the local authority may borrow for any purpose relevant to its functions.²⁶⁹ In practice local authorities are able to secure loans at low rates from the Public Works Loan Board.

Box 5: Housing Revenue Accounts

Housing Revenue Accounts were created, in their current form, in 2012 and are for the management of council-owned social housing stock. The accounts are primarily designed for the management of the income received from social housing. Housing Revenue Accounts have three important features:

- Local authorities are able to keep all of the rents received from their tenants. After paying off any interest on the debt allocated by central government, local authorities are free to make decisions on how to manage, maintain or improve their housing stock.
- Housing Revenue Accounts are ring-fenced from the rest of local authority expenditure and this ring-fence is “unbreakable”.²⁷⁰
- There is a limit to the amount of debt a local authority can incur on its Housing Revenue Account. This is known as the debt cap or borrowing cap and its level varies between local authorities.²⁷¹

Should local authorities be allowed to borrow freely to build social housing?

215. Local authorities and other public sector bodies thought the restrictions on borrowing to build social housing were unhelpful.
216. The Chartered Institute of Housing said that some local authorities have the ability to borrow more than they need whereas others have caps set far below

267 [Q 208](#) (Paul Johnson); written evidence from Liverpool City Council ([EHM0039](#)). The Government has provided some funding to local authorities to build houses through the New Homes Bonus. See Annex 5 for details of this scheme.

268 These limits are part of the operation of what are known as Housing Revenue Accounts, see Box 5.

269 Local Government Act 2003, [section 1](#); and Chartered Institute of Public Finance Accountants, *Prudential Code for Capital Finance in Local Authorities*, 2011: <http://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2011-edition-book> [accessed April 2016] and Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 ([SI 2003/3146](#)).

270 Written evidence from Brandon Lewis MP ([EHM0167](#))

271 The Chartered Institute of Housing explained when the accounts were created: “each council was set a “borrowing cap” equal to or in excess of its debt, which placed a limit on its future borrowing for investment in social housing. Where the cap exceeded the council’s borrowing, this created “headroom” which it could use for new borrowing to invest in the stock.” Written evidence from the Chartered Institute of Housing ([EHM0170](#)).

what they could borrow prudentially.²⁷² They believed that if the current borrowing limits were exploited to the full, only 3,000 houses a year could be built in total. The Institute calculated that in theory there would be capacity to build 170,000–230,000 additional homes over five years if the limits were lifted. However, a survey of councils indicated that they would aim to build 12,000 new homes for social or affordable rent a year if they were released from borrowing constraints.²⁷³

217. Opponents of the current limits on borrowing also argued that local authorities should be able to borrow to build social housing within the existing prudential regime.²⁷⁴ They considered it to be an anomaly that social housing was excluded from the general regime whereas other building, such as the construction of leisure facilities, was not.²⁷⁵
218. The Minister for Housing pointed out that the Government would be cautious about allowing unrestricted borrowing as any spending that local authorities fund from their Housing Revenue Accounts “has an impact on the PSBR [public sector borrowing requirement]”.²⁷⁶
219. The Local Government Association and the Chartered Institute of Housing have pointed out that it would be possible to overcome this issue by calculating the public debt using international rules which exclude council-owned housing.²⁷⁷ Paul Johnson from the Institute for Fiscal Studies had “sympathy with the idea that the way we currently consider the government balance sheet is not wholly rational”. He sounded a note of caution about proposals to change the rules saying that “fancy financing plans to get things off balance sheet” could “end in tears”.²⁷⁸
220. **The Government states it is supportive of local authority building across all tenures. One aspect of this support must be to ensure local authorities who wish to build social housing have access to the funds to do so. The current restrictions the ability of local authorities to borrow to build social housing are arbitrary and anomalous. Local authorities should be able to borrow to build social housing as they can for other purposes. We recommend that the Government allows local authorities to borrow under the prudential regime to build all types of housing.**

272 Written evidence from the Chartered Institute of Housing ([EHM0170](#)); see also written evidence from the Local Government Association ([EHM0174](#))

273 Written evidence from the Chartered Institute of Housing ([EHM0170](#)). The Institute cautioned that these figures may now be lower due to the impact of other Government policies on social housing—including the reduction in social rents and the Right to Buy—and concern about further reductions in local authority budgets.

274 [Q 145](#) (Lord Kerslake); see also written evidence from the Local Government Association ([EHM0174](#)) and written evidence from the National Federation of Arms’ Length Management Organisations ([EHM0057](#))

275 [Q 145](#) (Lord Kerslake)

276 [Q 246](#) (Brandon Lewis MP); see also [Q 123](#) Lord Best who considered that the cap borrowing for social housing was imposed as “the Government do not really want too much borrowing by local authorities... since everything that a local authority borrows goes on to the public accounts.”

277 Written evidence from the Local Government Association ([EHM0174](#)), National Federation of Arms’ Length Management Organisation, *Treating council housing fairly –how changed borrowing rules can help build more homes and boost the economy*, November 2013: available at http://www.almos.org.uk/news_docs.php?subtypeid=24 [accessed April 2016]. This suggestion has been endorsed by the House of Commons Communities and Local Government Committee: Communities and Local Government Committee, *Financing New Housing Supply*, (Eleventh Report, Session 2010–12, HC 1652)

278 [Q 208](#) (Paul Johnson)

Borrowing to build private housing

221. The Chartered Institute of Housing observed that local authorities have “much more freedom to borrow to build” housing for private ownership or rent.²⁷⁹ Whilst there is no specific data on this activity, the Local Government Association have estimated that 14 councils plan to build more than 6,000 homes over the next three years using general borrowing.²⁸⁰
222. Local authorities are also continuing to design alternative ways of funding and delivering housebuilding in their areas. Lord Porter of Spalding commented that local authorities have demonstrated considerable “ingenuity” in developing methods of funding housebuilding.²⁸¹
223. London boroughs have been particularly keen to innovate: research by the London Assembly revealed that 14 of the capital’s local authorities were looking to develop new social housing by leveraging their own resources and those of third parties.²⁸² Lloyds Banking Group pointed out that the advantage of many of these structures is that, currently, they do not appear on the local authorities’ balance sheets. Lloyds were concerned that changes to accounting rules were likely to remove this advantage.²⁸³
224. **We endorse the efforts of local authorities to innovate, co-operate and enter into partnership with others in the housing sector to increase the number of houses built. We note that these schemes are disparate and sometimes on a small scale. We encourage local authorities to share their experience and expertise to ensure the proliferation of successful schemes. As any uncertainty could deter innovation and investment, we urge the Government to provide local authorities with clear guidance about the future accounting treatment of public-private partnerships.**

Local authority reserves

225. In the year to April 2016 local authorities held “potentially useable” reserves of £17 billion.²⁸⁴ In evidence Ministers indicated that they were “keen” that local authorities should be encouraged to use their reserves to fund housebuilding. Ministers considered that it was reasonable to suggest the use of reserves due to the increase in the level of those reserves over the last five years as shown by Figure 14 below.²⁸⁵

279 Written evidence from the Chartered Institute of Housing ([EHM0170](#))

280 *Ibid.*

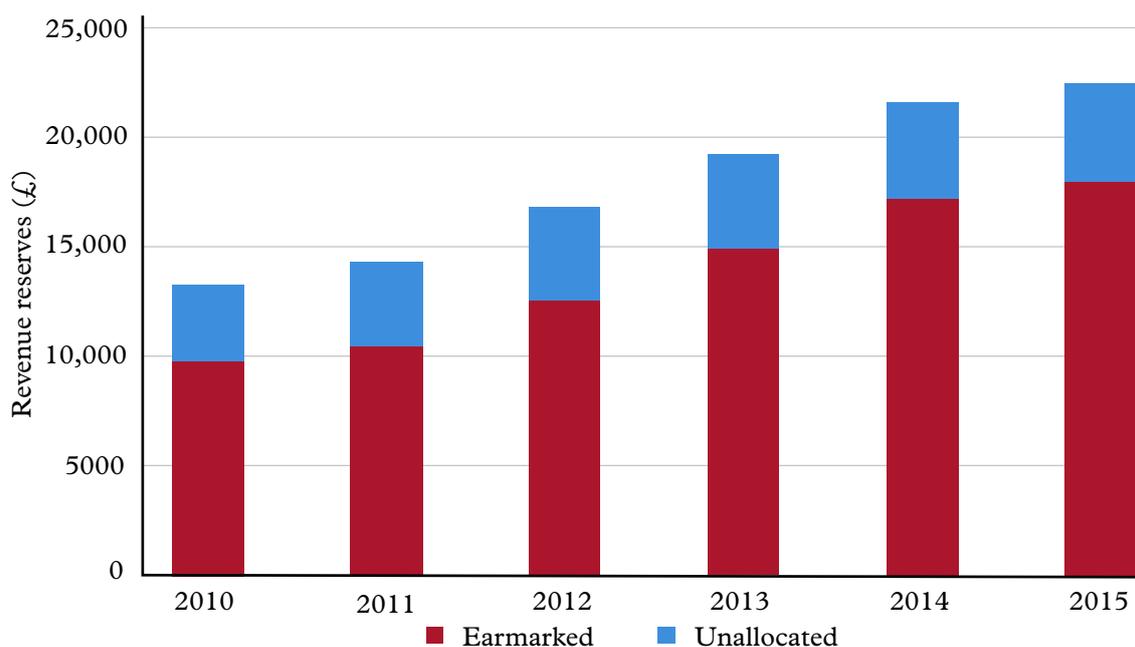
281 [Q 145](#) (Lord Porter of Spalding); see Annex 5 for details of schemes.

282 The London Assembly, Housing Committee, *Right to Build: what’s stopping councils from building more housing?*, October 2013

283 Written evidence from Lloyds Banking Group ([EHM0173](#))

284 DCLG, *Local Authority Revenue Expenditure and Financing, 2014–15, Final Outturn, England, Table 6* (19 November 2015, revised 2 February 2016): https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/497079/Revised_RO_Final_Outturn_2014-15_Statistical_Release.pdf [accessed April 2016]

285 [Q 246](#) (Brandon Lewis MP) and [Q 246](#) (Damian Hinds MP)

Figure 14: English Local Authority Reserves, 2010–2015 (£ million)

Source: DCLG, ‘Local Authority Revenue Expenditure and Financing, 2014–15, Final Outturn, England’, 19 November 2015, revised 2 February 2016 (Table 6): <https://www.gov.uk/government/statistics/local-authority-revenue-expenditure-and-financing-in-england-2014-to-2015-final-outturn> [accessed April 2016].

226. The idea that local authorities can use these reserves to build houses attracted the Government. The Minister for Housing thought it was,

“quite right that local communities ask how they can use that in a way that helps in the areas where it is needed to solve some of the housing challenges.”²⁸⁶

We note that, under local authority accounting rules, drawing down on reserves is equivalent to increasing borrowing and so would have an equivalent impact on the overall public finances.

227. Local authorities and local government finance specialists expressed caution about this idea. They pointed out that:

- (a) Reserves are held by local authorities to manage uncertainty about future revenues and central government grants and may be needed to fund front line services.²⁸⁷
- (b) The ‘earmarked’ reserves are already allocated for other purposes and to spend them on housebuilding would be to restrict the funding available to other projects.²⁸⁸
- (c) Restrictions on the operation of the Housing Revenue Account could prevent the reserves being spent to build social housing.²⁸⁹

286 Q 246 (Brandon Lewis MP)

287 Written evidence from the Chartered Institute of Public Finance Accountants (EHM0169)

288 Written evidence from the Local Government Association (EHM0174) and written evidence from the Chartered Institute of Public Finance Accountants (EHM0169)

289 Written evidence from the Local Government Association (EHM0174)

228. **Local authorities have increased the size of their reserves in recent years. Their cautious attitude is understandable given the uncertainty faced by local authorities which need to adapt to financial restrictions and new sources of revenue. However, given the current levels of reserves, we agree with the Minister for Housing that local authorities should consider how some of their reserves could be used for housebuilding.**

CHAPTER 6: MAKING BETTER USE OF THE EXISTING HOUSING STOCK

229. In Chapter 1 we discussed the increase in ‘under-occupation’ of housing; over half of owner-occupiers are now categorised as ‘under-occupying’ their home according to the Government’s definition. This chapter will consider measures that could encourage better use of the existing stock of housing, including reforms to taxation.

Taxation relating to property

230. Witnesses highlighted capital gains tax, council tax, inheritance tax and stamp duty land tax as hindrances to making the best use of the existing housing stock. We now consider the problems and the solutions put to us.

Stamp duty land tax

231. A purchaser of residential property pays stamp duty land tax on increasing portions of the property price above £125,000, as shown in Table 7:

Table 7: Applicable rates of stamp duty land tax on residential property (England, Wales and Northern Ireland)²⁹⁰

Purchase price bands	Percentage rate (%)
Up to £125,000	0
Above £125,000 and up to £250,000	2
Above £250,000 and up to £925,000	5
Above £925,000 and up to £1,500,000	10
Above £1,500,000	12

Source: HM Government, ‘Stamp Duty Land Tax’, 3 June 2016: <https://www.gov.uk/stamp-duty-land-tax/residential-property-rates>

232. The average house price in 2015 for England was £292,000; a purchase at this price would incur stamp duty of £4,600.²⁹¹ The average house price in 2015 for London was £515,000; a purchase at this price would incur stamp duty of £15,750.²⁹²

233. The current system has been in place since December 2014.²⁹³ Increasing house prices under the old system had led to more transactions being brought

290 As at May 2016. Stamp Duty Land Tax no longer applies in Scotland.

291 Office for National Statistics, *House Price Index*, May 2016: <http://www.ons.gov.uk/economy/inflationandpriceindices/datasets/housepriceindexmonthlyquarterlytables1to19>. [accessed June 2016] Calculation based on purchasing a freehold residential property that would not be an additional residential property. The average house price for England in 1992 was £66,000. In order to draw historical comparisons, the old ONS house price index has been used in this report (the ONS house price index was superseded in June 2016 by a new UK house price index but this has not yet been sufficiently backdated to provide for historical comparisons, see footnote 14 in Chapter 1 for further detail).

292 *Ibid.* The average house price for London in 1992 was £81,000.

293 Under the previous system, stamp duty was charged at a single rate on the whole purchase price with different rates for different bands. This created distortions; a disproportionate number of transactions took place just below the thresholds.

into the scope of the tax and into the higher bands.²⁹⁴ Mike Williams from HM Treasury told us that the Government’s 2014 reform had represented a “significant reduction” in stamp duty on house purchases and addressed any concern about the tax: “If you look at the people actually paying stamp duty, 98 per cent paid less.”²⁹⁵

234. Despite the 2014 reform, some witnesses still saw stamp duty as discouraging people from moving home. Countrywide said that while they estimated that 72 per cent of buyers paid no or less stamp duty than they would have done under the previous system, the reforms had only offered “brief respite for some [and] the stamp duty burden will continue to grow in future years”. They compared stamp duty rates today (see above) with 2005 where the average charge was £340 in England and Wales and £2,130 in London.²⁹⁶
235. Paul Johnson from the Institute for Fiscal Studies said he would put stamp duty “high on the list of suspects” as regards the reasons for lack of turnover in the secondary housing market.²⁹⁷ The Council for Mortgage Lenders said that stamp duty contributed to high transaction costs and so it had “a detrimental impact on activity levels, market liquidity and labour mobility”. They thought this was particularly so amongst people looking to downsize which was “restricting the choice of larger homes for younger families.”²⁹⁸
236. McCarthy & Stone, a provider of specialist housing for older people, called for an exemption for older people downsizing into specialist accommodation:

“[it] would cost little but would greatly encourage the take-up of specialist housing and increase the number of people downsizing, as well as free up under-occupied housing ... The number of housing chains this would create ... would more than offset any loss of income for the Treasury.”²⁹⁹

Paul Smee from the Council for Mortgage Lenders said however that if you start to give holidays for particular groups, “to my mind it brings out more and more the fact that the whole tax needs to be overhauled, and the question of when it is levied and on whom needs to be asked.”³⁰⁰

237. Urban Vision thought that any changes to stamp duty, “a relatively small proportion of the cost of buying a house”, would not improve affordability as raising a deposit to buy a home was a much more important consideration.³⁰¹

Capital gains tax

238. ‘Private Residence Relief’ allows a homeowner to dispose of a main residence without having to pay capital gains tax on the disposal.³⁰² A number of witnesses said this distorted the housing market. New Economics Foundation

294 HM Treasury, *Autumn Statement 2014*, Cm 8961’ December 2014: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/382327/44695_Accessible.pdf [accessed June 2016]

295 [Q 70](#)

296 Written evidence from Countrywide ([EHM0108](#))

297 [Q 203](#)

298 Written evidence from the Council for Mortgage Lenders ([EHM0064](#))

299 Written evidence from McCarthy & Stone ([EHM0072](#))

300 [Q 189](#)

301 Written evidence from Urban Vision ([EHM0116](#))

302 HM Revenue and Customs, Helpsheet 283, *Private Residence Relief*: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/323679/hs283.pdf [accessed June 2016]

said “the unearned profits made on the ownership of property need to be more effectively taxed to make land a less attractive speculative investment.”³⁰³

239. NIESR said removal of the relief would “reduce the gains in an upturn and losses in a downturn so dampening cyclicalities. Capital gains tax would also reduce the resistance to planning, reduce ‘under occupancy’ and even increase the flow of savings in productive investment.”³⁰⁴ Indexing the gains, exempting investment in the property, and making the gains payable on final sale or death would avoid hitting “cash poor” home owners; they thought the revenue gained could fully offset scrapping stamp duty land tax.³⁰⁵ Professor Steve Wilcox described how Sweden provides for a similar rollover system:

“while households are moving, if they are reinvesting, it does not become liable at that point. It is only at the point that they exit the market, either to move into renting or when we all exit the market, that the capital gains tax then comes into play.”³⁰⁶

240. Professor Wilcox conceded it would be difficult to introduce. Paul Johnson said there was a case for taxing the excess returns of owner-occupiers but said it would be very difficult to do retrospectively and prospectively,

“it could only possibly work if all parties were committed to it. If you thought that any party that might get in within the next 20 years was going to stop doing it, you would not sell your house before then, for sure, so it might reduce transactions in the market even further.”³⁰⁷

Inheritance tax

241. Inheritance tax is paid if a person’s estate is worth more than £325,000 when they die. The rate is 40 per cent on anything above the threshold. If someone’s estate is worth less than the threshold, the remaining threshold can be transferred to their husband, wife or civil partner’s estate when they die. The surviving partner’s estate can therefore be worth up to £650,000 before any inheritance tax is due.
242. The Summer Budget 2015 introduced a new transferable nil-rate band from April 2017 that applies to main residences. This allowance will be up to £100,000 in 2017/18, gradually rising to £175,000 by 2020/21.³⁰⁸ This is in addition to the existing inheritance tax nil-rate band, creating an effective £500,000 threshold for estates in 2020/21 which when transferred to a surviving partner means the effective inheritance tax threshold will rise to £1 million in 2020/21.
243. The new main residence nil rate band will also be available when a person downsizes or ceases to own a home and assets of an equivalent value are passed on death to direct descendants. The Exchequer Secretary to the Treasury told us that the 2015 Summer Budget change was “deliberately designed” not

303 Written Evidence from the New Economics Foundation ([EHM0101](#)). Toby Lloyd from Shelter said owning a home is “the only form of investment where you effectively pay no tax on unearned gains and then we wonder why people choose to overinvest in that particular asset class. It is inevitable.” ([Q 27](#)).

304 Written evidence from NIESR ([EHM0061](#))

305 Written evidence from NIESR ([EHM0061](#))

306 [Q 35](#). Professor Cheshire described it as “politically extraordinarily difficult.” ([Q 42](#)).

307 [Q 210](#)

308 HM Treasury, *Summer Budget 2015*, HC264, July 2015: <https://www.gov.uk/government/publications/summer-budget-2015> [accessed July 2016]

to discourage downsizing.³⁰⁹ Mike Williams from HM Treasury explained this provision was “an attempt to avoid causing the market to clog up” by deterring those who wanted or needed to downsize from doing so.³¹⁰

244. Some witnesses were nevertheless critical of the recent changes. The IEA said they were:

“a step in the wrong direction ... By treating housing wealth preferentially relative to non-housing wealth, these changes will introduce further distortions, and further inflate demand without adding anything to supply.”³¹¹

The Royal Institute of Chartered Surveyors called for an independent review into the role of inheritance in property markets, “so that we can properly understand what will encourage older people to downsize and get larger, second hand property back into the market”.³¹²

245. Urban Vision however thought the recent changes to inheritance tax would “not make any difference to whether someone chooses to downsize or not; the choice to downsize or not is a complex one that involves many other issues and considerations”.³¹³

Council tax

246. Council tax has been levied on residential properties since 1993.³¹⁴ All homes are given a council tax valuation band by the Valuation Office Agency. The band is based on the value of the property on 1 April 1991:

Table 8: Valuation bands in England, based on property values on 1 April 1991³¹⁵

Valuation band	Range of values
A	Up to £40,000
B	Over £40,000 and up to £52,000
C	Over £52,000 and up to £68,000
D	Over £68,000 and up to £88,000
E	Over £88,000 and up to £120,000
F	Over £120,000 and up to £160,000
G	Over £160,000 and up to £320,000
H	Over £320,000

Source: Citizens Advice, ‘Council Tax’: <https://www.citizensadvice.org.uk/tax/council-tax/council-tax/> [accessed June 2016]

309 [Q 252](#)

310 [Q 73](#)

311 Written evidence from The Institute for Economic Affairs ([EHM0120](#)). Professor Muellbauer described the changes as “dysfunctional” as they would increase the demand for land as an investment ([Q 82](#)).

312 Written evidence from the Royal Institute of Chartered Surveyors ([EHM0151](#))

313 Written evidence from Urban Vision ([EHM0116](#))

314 Local Government Finance Act 1992, [Part 1](#).

315 New build properties are allocated a nominal 1991 valuation.

247. As noted above, the average house price in England and Wales was around £292,000 in 2015 (it was £65,200 in 1991) and in London was around £515,000 in 2015 (it was £85,750 in 1991).³¹⁶

248. Professor Muellbauer described council tax as “the craziest system imaginable”:

“Not only do we have zero marginal tax rates but we have a highly regressive structure lower down all the way to the bottom, so the poorest in the poorest housing pay the highest tax rates as a fraction of value ... we do not link the tax rates to market values.”³¹⁷

He said if he was living in Princeton, New Jersey rather than Oxford, he’d be paying a property tax four times more expensive. Professor Malpezzi described the system as regressive and said it was “bizarre” that properties were so rarely revalued.

249. Paul Johnson said big houses were undertaxed. He thought there was a case for a revenue neutral substitution of council tax for stamp duty which would incentivise more moving and penalise people less for doing so. Professor Dorling called for the addition of more bands at higher values: “Adding bands would be seen to be fair by the vast majority of people because the vast majority of people would not be paying a band L, M and N. This is, in effect, what New York does.”³¹⁸

250. Mike Williams from HM Treasury explained however that the Government were not keen on changing council tax:

“the Government have been clear both in their present configuration and in the coalition that they are keen not to significantly increase council tax, which obviously is a burden that some households feel quite acutely ... Even if you thought there was a case for a revaluation, candidly, now would not be the time you would embark on it, because we are in the midst of business rates revaluation. That is occupying a considerable part of the Valuation Office Agency’s time.”³¹⁹

251. David Miles, a former member of the Monetary Policy Committee, told the Committee that there was a strong argument for having property taxation, perhaps as a flat common percentage per year of whatever the value of the land, or the land plus the structure is. He thought if such a tax were levied at between 0.5 and 1 per cent, “you could probably raise as much revenue as is raised from stamp duty and council tax added together”.³²⁰ Other witnesses including Martin Wolf also called for a land value tax.³²¹

252. The weight of evidence suggests that stamp duty land tax can deter people from moving into a smaller home, acting as a barrier to making the best use of the houses that we already have.

316 1991 figures taken from the same source as 2015 figures. Office for National Statistics, *House Price Index*, May 2016, Table 12: <http://www.ons.gov.uk/economy/inflationandpriceindices/datasets/housepriceindexmonthlyquarterlytables1to19> [accessed Mat 2916]

317 [Q 82](#)

318 [Q 48](#)

319 [Q 74](#)

320 [Q 211](#)

321 [Q 4](#)

253. **It is wrong to create specific tax rules, as is the case with recent changes to capital gains tax and inheritance tax, around housing.**
254. **Council tax is regressive. The bands should be amended so that owners of more expensive properties contribute proportionally more than owners of less expensive properties. This should be done in a revenue neutral way.**

Lack of suitable accommodation for downsizing

255. Paul Johnson warned against overstating the role the tax system plays when it comes to downsizing:

“We have known for a long period, and from other countries’ experience, that quite often older people are reluctant to downsize, for all sorts of other reasons. There is no golden bullet that will suddenly result in a massive change in behaviour.”³²²

256. Witnesses told us there was a lot of unmet demand to downsize but it was difficult for older people to find suitable homes to move into. Gary Day from McCarthy & Stone said there were nearly 5 million older people who intended to downsize or were thinking about doing so.³²³ The Building Societies Association mentioned a survey of over 55s by Legal and General that found 32 per cent had considered moving to a smaller property in the last five years but only 7 per cent had actually done so.³²⁴

257. Chichester District Council said that typical retirement properties did not necessarily suit the needs of people looking to downsize:

“The only way to get older people to downsize is to ensure that there are products which are desirable and meet their needs. People living in rural suburban areas will not give up large detached properties with gardens and parking for high density properties with limited parking and little in the way of amenity land. The typical ... 1 or 2 bedroom sheltered flat do not meet this need”.³²⁵

258. They also pointed to a lack of smaller properties to meet the needs of young people, older people downsizing and households splitting due to divorce.³²⁶

259. **Changes to the taxation system may encourage some people to move home but any such changes are unlikely to make a large difference, particularly in terms of downsizing, as there is a shortage of suitable smaller accommodation for people to move into.**

322 [Q 207](#)

323 [Q 106](#)

324 Written evidence from the Building Societies’ Association ([EHM0113](#))

325 Written evidence Chichester District Council ([EHM0079](#))

326 Written evidence Chichester District Council ([EHM0079](#))

SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

The Problems

Chapter 1: The State We Are In

1. Demand for housing fuelled by demographic change, immigration, rising incomes and greater access to finance over the last few decades have made a substantial contribution to rising house prices and worsening affordability. (Paragraph 31)
2. If immigration remains at current levels, it will be a large factor in the future demand for housing, especially in the London private rental sector. (Paragraph 32)
3. The planning system, in restricting the supply of land for development, has an obvious effect on land prices. This is demonstrated by the huge differences in price between agricultural land and residential land on the edge of some cities. (Paragraph 35)
4. The Government should assess why there is a large gap between the number of planning permissions granted and the number of homes actually built. In particular it should identify who is holding permissioned land that is not developed. (Paragraph 49)
5. Since the 1980s we have been relying on the private sector to provide the homes that are needed. The sector, especially since the financial crisis, has all the characteristics of an oligopoly: there are high barriers to entry and the large housebuilders are responsible for a substantial proportion of output. It is rational for private enterprise to optimise profits rather than volume, limiting their uncertainty in a market characterised by constant Government intervention and cyclical risk. The sector is largely focused on building for sale and is not providing for the rental sector which is over a third of the market. (Paragraph 52)
6. The Department for Communities and Local Government told us it is examining incentives to get the private sector building more homes. Encouraging smaller builders back into the market and promoting greater use of modern construction techniques may help. But the Government cannot rely on the private sector alone to build the homes the country needs. The gap between what can realistically be expected and what is needed is simply too large. (Paragraph 53)
7. Local authorities and housing associations need to make a much bigger contribution to housebuilding if it is to reach required levels. (Paragraph 56)
8. Government must recognise the effect that constant changes in public policy have on the housing market; housebuilders, housing associations and local authorities are unlikely to commit to large building programmes amid such uncertainty. (Paragraph 61)
9. The construction of houses is affected by macroeconomic policy. Nevertheless a robust programme of continuing, uninterrupted development by local authorities, housing associations and private investors in the rental sector would provide a more stable output of new homes across the economic cycle. (Paragraph 62)

10. The price of housing is determined by the balance in demand and supply for the entire housing stock rather than the supply of new homes alone. A higher rate of construction will need to be sustained over many years to have a substantial effect on prices. (Paragraph 67)
11. The existing stock of housing in England is not used particularly efficiently. While new construction is important, the Government should not overlook the role the existing housing stock plays and consider ways of stimulating the market for existing homes. (Paragraph 72)

Chapter 2: The Government's Response

12. The Government's target of one million new homes by 2020 is not based on a robust analysis. To address the housing crisis at least 300,000 new homes are needed annually for the foreseeable future. One million homes by 2020 will not be enough. (Paragraph 84)
13. To achieve its target, the Government must recognise the inability of the private sector, as currently incentivised, to build the number of houses needed. Government action is required to address this, including helping local authorities and housing associations to increase their housebuilding. (Paragraph 85)
14. The Government has chosen to promote the expansion of owner occupation. This reflects the aspiration of many people to own their home. However, it must be recognised that home ownership, whilst a wish for many, is not achievable for all. (Paragraph 104)
15. The Government's focus on home ownership neglects other tenures; those on the cusp of ownership are helped and those who need secure, low cost rental accommodation are not. Opportunities to increase investment and funding in the private rental sector are potentially undermined by policies designed to assist owner occupation. (Paragraph 105)

The Solutions

Chapter 3: Planning Reform

16. Adequately resourced planning departments are crucial to the effective delivery of development. It is possible to mitigate the effects of reductions in local authority spending on planning by increasing the fees that can be charged for planning applications. Builders and developers are willing to pay more. (Paragraph 127)
17. We recommend that the Government:
 - allows local authorities to set and vary planning fees in accordance with the needs of their local area. To prevent abuse there should be an upper limit or cap on the level of fees. To allow sufficient discretion to local authorities, this cap should be significantly higher than the current fees that can be charged; and
 - provides that the money raised from these fees is ring-fenced for expenditure on planning and development. (Paragraph 128)
18. We recommend that local authorities are granted the power to levy council tax on developments that are not completed within a set time period. This time period should be negotiated when planning consent is sought and be

varied according to the size and complexity of a development. To ensure that the local authority also has an incentive to accelerate the process, the clock should start to run only when the local authority has signed off all conditions and obligations. (Paragraph 139)

19. We recommend that as part of its ongoing reviews of planning obligations and the Community Infrastructure Levy the Government aims to achieve a system that is:
 - Simple, so time is not wasted negotiating consents and delaying building.
 - Transparent, so the value of the contribution made by a developer can be easily quantified and local communities can understand what a new development has paid for and its value. This value should be sufficient to provide an incentive to the local authority to grant planning permission.
 - Responsive to the concerns of small and niche builders, which may require exemptions for certain types or sizes of development. (Paragraph 147)
20. We do not take a view on proposals to change the planning system to make it more responsive to market signals, but recommend that the Government investigates this and other proposals to improve land supply further. (Paragraph 152)

Chapter 4: Building on Public Land

21. We welcome the Government's wish to bring public land forward for housebuilding. It can make a useful long-term contribution towards the supply of housing but we note that these efforts have yielded very little to date. (Paragraph 166)
22. We endorse the conclusions and recommendations of the National Audit Office and Public Accounts Committee. Since the number of new homes the Government expects to be built on public land by 2020 amounts to nearly one third of their housebuilding target, it is essential that the Government should oversee the number of homes that are actually built. Such a role should be included within the National Infrastructure Commission's remit. (Paragraph 167)
23. We welcome the trial of direct commissioning but it should be a much bigger part of the housebuilding programme. The implementation of our recommendations on the financing of local authority building would help with this. Direct commissioning would also provide opportunities for smaller builders. (Paragraph 172)
24. The release of public land provides a good opportunity to support the building of low cost homes and help smaller builders return to the market. The requirement to achieve best market value when releasing public land should be relaxed. This is only going to work however if there is a central scheme that approves and compensates public bodies who sell land below market value. (Paragraph 177)
25. A senior Cabinet minister must be given overall responsibility for identifying and coordinating the release of public land for housing, with a particular focus on providing low cost homes. (Paragraph 187)

Chapter 5: Building by Local Authorities and Housing Associations

26. We consider that local authorities and housing associations must be incentivised and enabled to make a much greater contribution to the overall supply of new housing. Without this contribution it will not be possible to build the number of new homes required. The likely reduction in the housing benefit bill over the long-term is a further reason to increase the supply of social and affordable rented housing through building by local authorities and housing associations. (Paragraph 201)
27. We conclude that the cuts to social rent are short-sighted. Whilst they may reduce the immediate housing benefit bill, in the longer term they are likely to deter investment and reduce the available stock of social and ‘affordable housing’, thus requiring a greater number of tenants to live in, more costly, privately rented accommodation. (Paragraph 207)
28. We support the Government’s efforts to reclassify housing associations as part of the private sector. The ability of housing associations to borrow to fund new development could otherwise be at risk. (Paragraph 211)
29. The Government states it is supportive of local authority building across all tenures. One aspect of this support must be to ensure local authorities who wish to build social housing have access to the funds to do so. The current restrictions the ability of local authorities to borrow to build social housing are arbitrary and anomalous. Local authorities should be able to borrow to build social housing as they can for other purposes. We recommend that the Government allows local authorities to borrow under the prudential regime to build all types of housing. (Paragraph 220)
30. We endorse the efforts of local authorities to innovate, co-operate and enter into partnership with others in the housing sector to increase the number of houses built. We note that these schemes are disparate and sometimes on a small scale. We encourage local authorities to share their experience and expertise to ensure the proliferation of successful schemes. As any uncertainty could deter innovation and investment, we urge the Government to provide local authorities with clear guidance about the future accounting treatment of public-private partnerships. (Paragraph 224)

Chapter 6: Use of Existing Stock

31. Local authorities have increased the size of their reserves in recent years. Their cautious attitude is understandable given the uncertainty faced by local authorities which need to adapt to financial restrictions and new sources of revenue. However, given the current levels of reserves, we agree with the Minister for Housing that local authorities should consider how some of their reserves could be used for housebuilding. (Paragraph 228)
32. The weight of evidence suggests that stamp duty land tax can deter people from moving into a smaller home, acting as a barrier to making the best use of the houses that we already have. (Paragraph 252)
33. It is wrong to create specific tax rules, as is the case with recent changes to capital gains tax and inheritance tax, around housing. (Paragraph 253)
34. Council tax is regressive. The bands should be amended so that owners of more expensive properties contribute proportionally more than owners of

less expensive properties. This should be done in a revenue neutral way. (Paragraph 254)

35. Changes to the taxation system may encourage some people to move home but any such changes are unlikely to make a large difference, particularly in terms of downsizing, as there is a shortage of suitable smaller accommodation for people to move into. (Paragraph 259)

ANNEX 1: MORTGAGE AFFORDABILITY FOR FIRST TIME BUYERS

1. Capital and interest payments as a percentage of income have decreased for first time buyers since 2008:

Table 9: New mortgage affordability, UK first time buyers

Year	Interest payments as a percentage of income, median	Capital and interest payments as a percentage of income, median
2005	16.5	21.6
2006	16.8	21.9
2007	19.4	23.8
2008	19.6	24.0
2009	14.9	20.9
2010	13.3	20.0
2011	12.8	19.6
2012	13.2	19.8
2013	11.8	19.3
2014	11.6	19.4
2015	10.1	18.5

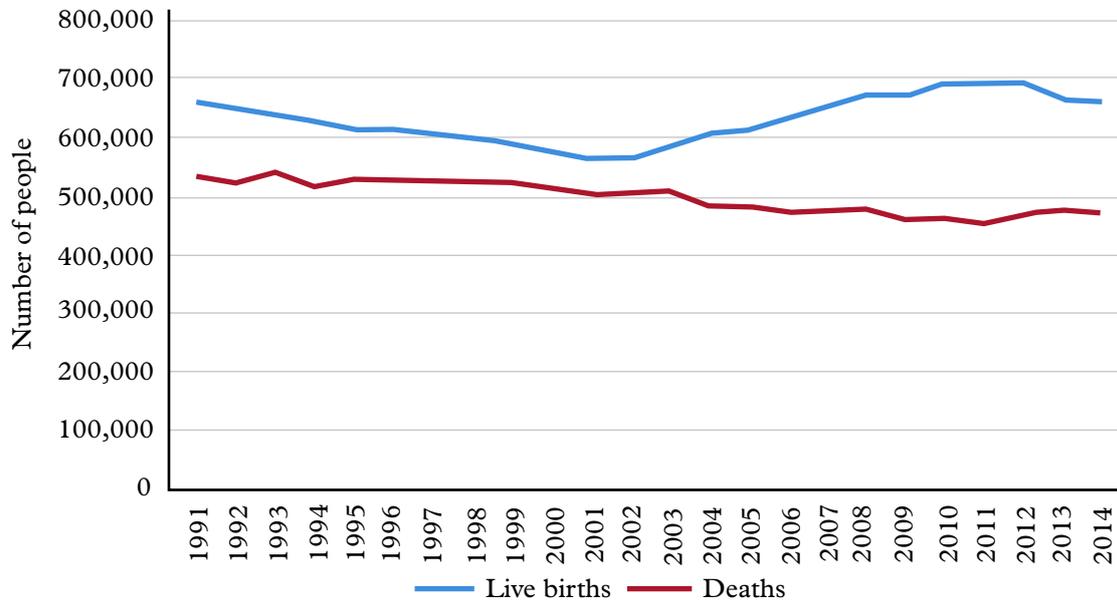
Source: Data provided by the Council for Mortgage Lenders

ANNEX 2: TRENDS IN POPULATION GROWTH

Natural change

1. Natural change (births and deaths) accounted for an increase in the population of around 190,000 people per year on average since 2004:

Figure 15: Live births and deaths, England, 1991 to 2014

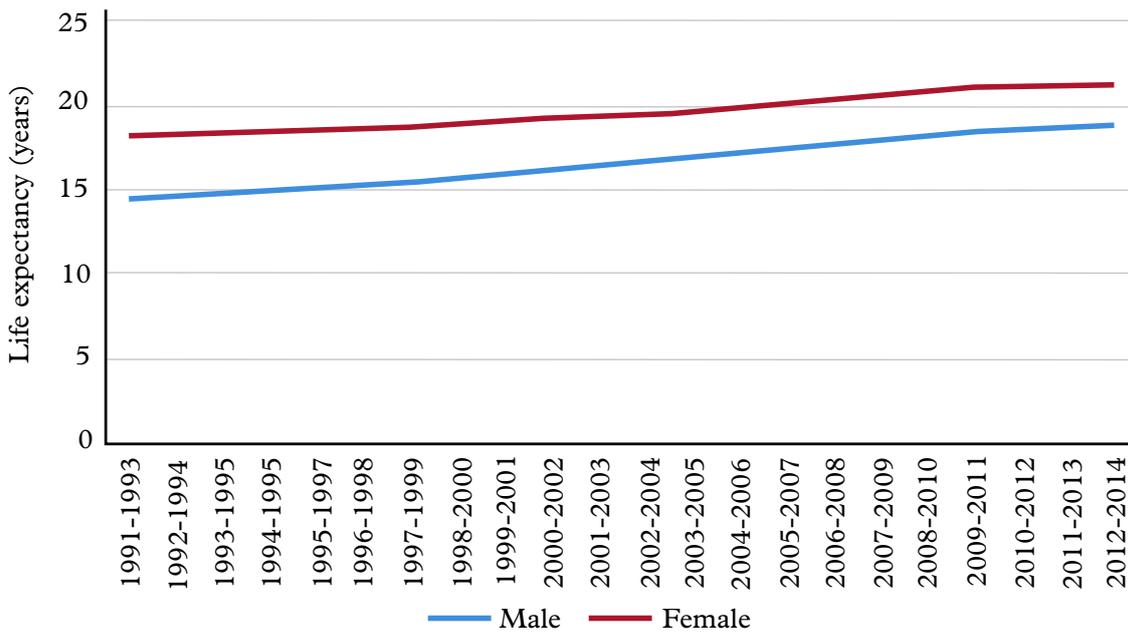


Source: Office for National Statistics, 'Population and Health Reference Tables', September 2015: <http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/datasets/vitalstatisticspopulationandhealthreferencetables> [accessed June 2016]

Longevity

2. The number of deaths fell faster in the 2000s than in the previous two decades, falling below 600,000 for the first time since the 1950s in 2004. As people are living longer, the number of deaths has remained below 600,000 a year (see Figure 15 above). In England, life expectancy for men at age 65 has increased from just over 14 years in 1991–93 to 18.8 years in 2012–14; for women, it has increased from 18 years to 21.2 years over the same period:

Figure 16: Life expectancy at age 65 in England, 1991–93 to 2012–14

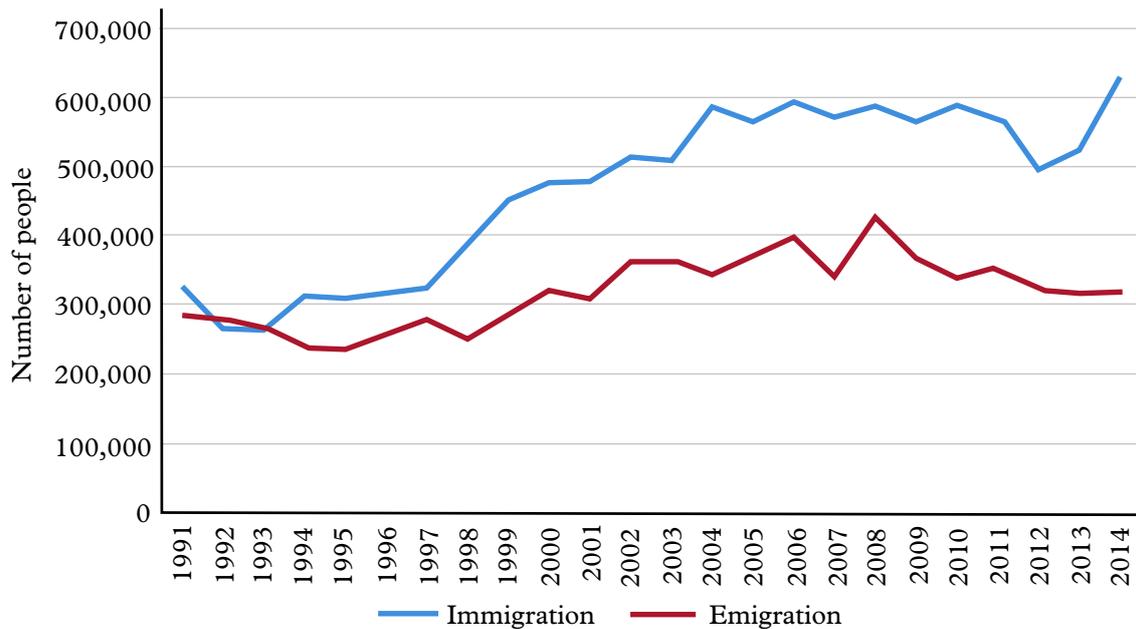


Source: Office for National Statistics, ‘Life Expectancy at Birth and at Age 65 by Local Areas in England and Wales’, November 2015: <https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/lifeexpectancies/datasets/lifeexpectancyatbirthandage65bylocalareasinenglandandwalesreferencetable1> [accessed July 2016]

Net migration

- 3. Net migration has increased the UK population by more than 240,000 people per year on average from 2004 to 2014:

Figure 17: UK immigration and emigration, 1991 to 2014



Source: Office for National Statistics, ‘Migration Statistics Quarterly Report: May 2016’, May 2016: <http://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/internationalmigration/bulletins/migrationstatisticsquarterlyreport/may2016#net-migration-to-the-uk> [accessed July 2016]

ANNEX 3: GOVERNMENT INITIATIVES TO HELP HOME OWNERSHIP

Help to Buy Schemes

Initiative	Start and end date (if any)	Eligibility		Details of discount or subsidy
		Type of buyer	Type of home	
Help to Buy Equity Loan ³²⁷	Start: April 2013 End: 2021 ³²⁸	Anyone who does not currently own a property.	New build property up to a value of £600,000.	Government loan of up to 20% of the cost of a new-build home. The buyer therefore needs a 5% cash deposit and a 75% mortgage to make up the rest. There are no loan fees on the 20% loan for the first five years From February 2016 the upper limit for the equity loan for homes within Greater London rose from 20% to 40%. ³²⁹
Help to Buy Mortgage Guarantee ³³⁰	Start: March 2012/ Oct 2013 End: Dec 2016	Anyone who does not currently own a property.	Any properties up to a value of £600,000.	The Government offers lenders the option to purchase a guarantee on mortgage loans. Lenders offer home buyers higher loan-to-value mortgages (80–95%). The buyer remains fully responsible for mortgage repayments.

327 HM Government, 'Help to Buy, Equity Loan': <https://www.helptobuy.gov.uk/equity-loan/> [accessed April 2016]

328 HM Treasury, Spending Review and Autumn Statement 2015, Cm 9162, November 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/479749/52229_Blue_Book_PU1865_Web_Accessible.pdf [accessed April 2016]

329 HM Government, 'Help to Buy, London Help to Buy': <https://www.helptobuy.gov.uk/equity-loan/london-help-to-buy/> [accessed April 2016]

330 HM Government, 'Help to Buy, Mortgage Guarantee': <http://www.helptobuy.gov.uk/mortgage-guarantee/eligibility> [accessed April 2016]

Initiative	Start and end date (if any)	Eligibility		Details of discount or subsidy
		Type of buyer	Type of home	
Help to Buy ISA ³³¹	Start: March 2015	First Time Buyers.	Can be used to purchase any property worth less than £250,000 (outside London) or £450,000 (London).	First time buyers who save through a Help to Buy ISA receive a bonus of 25% of the amount saved (to a maximum of £3,000). The bonus is paid when the first home is purchased.

331 HM Treasury, Budget 2015, HC 1093, March 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/416330/47881_Budget_2015_Web_Accessible.pdf [accessed April 2016]; HM Government, 'Help to Buy, ISA': <https://www.helptobuy.gov.uk/help-to-buy-isa/how-does-it-work/> [accessed April 2016]

Other initiatives

Initiative	Start and end date (if any)	Eligibility		Details of discount or subsidy
		Type of buyer	Type of home	
Shared Ownership ³³²	Start: 1980 (the most recent version of the scheme was announced in 2015).	First time buyers on an income of less than £80,000 p.a. outside London and £90,000 p.a. in London.	Shared ownership homes only.	Applicants buy a minimum 25% share in a leasehold property the remainder is owned by a housing association. Applicants may 'staircase' and buy additional shares (usually in 10% tranches up to 100%).
Starter Homes	Start: Announced 15 December 2014. ³³³ Buyers can register for homes. ³³⁴	First time buyers under 40.	Homes built as starter homes.	200,000 new homes to be built sold at up to a 20% discount to first time buyers. The discounted price will be no more than £250,000 outside London and £450,000 in London.

332 HM Treasury, Spending Review and Autumn Statement 2015, op. cit.

333 DCLG, *Stepping on the ladder: High quality Starter Homes for first time buyers*, December 2014: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/408455/150302_-_Gov_response_Starter_Homes.pdf [accessed April 2016] the Scheme was extended in the Autumn statement 2015, HM Treasury, Spending Review and Autumn Statement 2015, Cm 9162, November 2015, *Op cit.*

334 DCLG, Young first-time buyers can register online for 100,000 cut-price homes, 28 February 2015: <https://www.gov.uk/government/news/young-first-time-buyers-can-register-online-for-100000-cut-price-homes> [accessed April 2016]

Initiative	Start and end date (if any)	Eligibility		Details of discount or subsidy
		Type of buyer	Type of home	
Life Time ISA ³³⁵	Start: April 2017	Any person between the age of 18 and 40.	Any home.	Savers can contribute up to £4,000 each year from the age of 18 to 50. The Government will pay a 25% bonus. The ISA can be used for ‘significant life events’ which are yet to be defined but include retirement and house purchase.

335 HM Treasury, Budget 2016, op. cit.

Schemes to assist tenants to buy their home/a home

Initiative	Start and end date (if any)	Eligibility	Details of discount or subsidy
Right to Buy ³³⁶	Start: Oct 1980	Local authority tenants who have lived in their homes for 3 years, most former local authority tenants living in homes transferred to housing associations, and most housing association tenants who have lived in their home since 15.1.1989.	Qualifying tenants have the right to buy their home at a discount. The current discount levels are: maximum discount £77,900 (outside London) and £103,900 (London).
Right to Acquire ³³⁷	1996, most recent revision in 2002	Housing association tenants who have had a public sector landlord for three years.	Qualifying tenants have the right to buy a home at a discount of £9,000–£16,000. The amount of discount offered depends on the local authority. The housing association may sell the tenant an alternative property (at a discount) rather than the tenant's current home.

336 HM Government, 'Your Right to Buy': <https://righttobuy.gov.uk/> [accessed April 2016]

337 The Housing (Right to Acquire) Discount Order 2002, [SI 2002/1901](#); Homes and Communities Agency, Capital Funding Guide, part 12: <https://www.gov.uk/guidance/capital-funding-guide/12-right-to-acquire> [accessed May 2016]

Initiative	Start and end date (if any)	Eligibility	Details of discount or subsidy
Voluntary Right to Buy ³³⁸	Start: May 2016 (pilot schemes)	All housing association tenants in living in social or affordable rented homes.	Housing association tenants will have the right to buy a home at 'Right to Buy' level discounts which are £77, 900 (outside London) £103,900 (London). There is a presumption that this will be the home where the tenant lives, but housing associations have the discretion to sell the tenant a different property.
Cash Incentive schemes ³³⁹	Start: April 2003	Local authority social housing tenants	Local authorities the discretion to make grants to social housing tenants to buy a home on the open market. The size of the grant is at the discretion of the local authority taking into account local market conditions.
Social Mobility Fund ³⁴⁰	Start: Feb 2015	Social housing tenants.	£42m in 2015–2016 to offer social housing tenants up to £20,000 (outside London) and £30,000 (London) to buy a home on the open market.

338 As agreed between the National Housing Federation and the Government. DCLG, 'Historic agreement will extend the right to buy to 1.3 million more tenants', 7 October 2015: <https://www.gov.uk/government/news/historic-agreement-will-extend-right-to-buy-to-13-million-more-tenants> [accessed April 2016]

339 The Regulatory Reform (Schemes under Section 129 of the Housing Act 1988) (England) Order 2003, [SI 2003/986](#); The London Borough of Tower Hamlets, Cash Incentive Scheme: <http://www.towerhamletshomes.org.uk/pdf/cis-leaflet-with-right.pdf> [accessed April 2016]

340 DCLG, Right to Buy, Social Mobility Fund: Prospectus, February 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/405851/Right_to_Buy_Fund_-_Bidding_Guidance.pdf [accessed April 2016]

Initiative	Start and end date (if any)	Eligibility	Details of discount or subsidy
Rent to Buy ³⁴¹	Start: 26.9.2014 (now closed to new bidders)	First time buyers, or previous home owners who can no longer afford to buy, who have household earnings of £60,000 a year or less (£64,300 in London).	Allows tenants to rent affordably (at up to 80% of the market rent) and save for a deposit to buy their rented home or a different home at a later stage. New homes built under the scheme are available at less than market rent for seven years after which the tenant has first refusal to buy the property or move to another rented or purchased home.
Social Home Buy ³⁴²	April 2006	Housing association and local authority tenants who do not qualify for other right to buy schemes.	Discretionary shared ownership scheme. The tenant buys a minimum 25% share of the property at a discount (between £9,000 and £16,000 depending on local authority) and can purchase further shares, also at a discount.

341 DCLG, Rent to Buy, Prospectus, September 2014: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/359084/Rent_to_Buy_Prospectus_full.pdf [accessed April 2016]

342 DCLG, Social Home Buy, guidance for local authorities, January 2010 <http://webarchive.nationalarchives.gov.uk/20120919132719/http://www.communities.gov.uk/documents/housing/pdf/1440401.pdf> ; ‘Shared Ownership for tenants’ November 2014: <https://www.gov.uk/shared-ownership-tenants> [accessed April 2016]

ANNEX 4: PLANNING CHANGES

Housing and Planning Act

1. The Housing and Planning Act 2016 is a wide-ranging piece of legislation. The provisions relevant to planning include:
 - Imposing a duty on local authorities to keep a register of brownfield sites suitable for development.
 - A limited form of permission in principle on sites within the brownfield register.
 - A pilot scheme allowing private providers to process (but not decide) planning applications.
 - Provisions to encourage and speed up the production of local plans and neighbourhood plans.
 - Expanding the definition of ‘affordable housing’ to include Starter Homes.

Other announced changes

Budget 2016

2. In his March 2016 Budget, the Chancellor announced further general reform to the planning system. These included a move to ‘zonal’ planning, further changes to local plans, the streamlining of planning conditions and support for increasing the density of development in London.³⁴³ The Minister for Housing told us that the detail of these proposals would follow in “the next few months”.³⁴⁴

Section 106 Forthcoming changes

3. Changes announced to section 106 include:
 - Amendments to the Housing and Planning Act 2016 to introduce a power to restrict the enforcement of ‘affordable housing’ conditions in certain situations and create a mechanism to resolve disputes.³⁴⁵
 - A proposal that the conditions do not apply to sites with fewer than 10 houses. This change, which the Government attempted to bring in through revised planning guidance, was delayed by a legal challenge.³⁴⁶
 - Amendments to Planning Guidance to promote pre-application discussions and standard clauses.³⁴⁷

343 HM Treasury, *Budget 2016*, HC 901, March 2016: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/508193/HMT_Budget_2016_Web_Accessible.pdf [accessed April 2016]

344 [Q 254](#) (Brandon Lewis MP)

345 Housing and Planning Act 2016, [sections 158 and 159](#)

346 *R (on the application of West Berkshire County Council and another) v Department for Communities and Local Government* (2015) EWHC 2222 (admin); (2015) LGR 884. The High Court upheld West Berkshire’s challenge to the new guidance. The Government successfully appealed.

347 HM Government, *Section 106 Planning obligations, speeding up negotiations: Government Response to consultation*, March 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/417258/150325_Final_FINAL_Govt_response_speeding_up_section_106.pdf [accessed April 2016]

- Consultation on proposals to speed up section 106 negotiations and a commitment to extend the ability of developers to appeal and require a standardised approach to viability assessments.³⁴⁸

348 HM Treasury, *Fixing the foundations: Creating a more prosperous nation*, Cm 9098, July 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/443898/Productivity_Plan_web.pdf [accessed April 2016]

ANNEX 5: LOCAL AUTHORITY FINANCING INITIATIVES

1. Schemes raised in evidence to the Committee included the following:
 - Use of a local authority owned company, often managed by an arms' length management organisation, to build and manage housing stock. The Chartered Institute of Housing advised that this was a "normal" way for local authorities to circumvent legislative restrictions.³⁴⁹
 - Partnerships between local authorities and housing associations to coordinate the delivery of public land and management of social or 'affordable housing'.³⁵⁰ Dr Sue Brownhill, from the School of the Built Environment at Oxford Brookes University, told us that local authorities were developing:

"Special purpose vehicles, often but not exclusively, formed around the availability of publicly owned land. These take the form of Housing Association subsidiaries, municipal housing companies and public/private partnerships. A more widespread use of these business models within the industry could deliver more ['affordable housing'] particularly through the development of a model specifically for housing at social rent levels."³⁵¹
 - Joint ventures between local authorities and private developers. For example in Gateshead the council has entered into a joint venture with a housing association and private developer to build 2,400 new homes. The council contributes land and the developer and housing association provide finance and expertise. The profits will be split equally between the council and the consortium formed by the housing association and private developer.³⁵²
 - Issuing bonds to fund building. Warrington Borough Council issued £150 million of bonds the bulk of which was expected to fund development and housing in the city centre.³⁵³
 - Building homes in the private rented sector and using the income to fund social and affordable rented housing and some houses for private sale. The Minister for Housing described this as a "really interesting model".³⁵⁴
 - Investment of local authority pension funds in housebuilding for private sale. In Manchester, land owned by Manchester City Council is being developed using a £25 million investment from the City's pension fund. Councillor Sue Derbyshire noted that this scheme did not include building social housing as the fund would "need a return on their investment, because they are investing prudentially and with a fiduciary duty to their pensioners".³⁵⁵

349 Chartered Institute of Housing (EHM0170)

350 Written evidence from Barclays (EHM0161)

351 Written evidence from Oxford Brookes University (EHM0111)

352 Oral evidence taken before the Communities and Local Government Select Committee, 19 December 2011 (Session 2010–12). Q 271 (Mark Henderson); Elphicke-House Report, *From Statutory Providers to Housing Delivery Enabler: review into the local authority role in housing supply*, January 2015: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/398829/150126_LA_Housing_Review_Report_FINAL.pdf [accessed June 2016]

353 Warrington Borough Council, 'Warrington Borough Council Enter Bond Market' 25 August 2015: https://www.warrington.gov.uk/news/article/1784/warrington_borough_council_enters_bond_market [accessed April 2016]

354 Q 246 (Brandon Lewis)

355 Q 126 (Cllr Sue Derbyshire)

APPENDIX 1: LIST OF MEMBERS AND DECLARATIONS OF INTEREST

Members

Baroness Blackstone†
 Baroness Bowles of Berkhemstead*
 Lord Burns*
 Lord Darling of Roulanish*
 Lord Forsyth of Drumlean
 Lord Griffiths of Fforestfach†
 Lord Hollick (Chairman)
 Lord Kerr of Kinlochard
 Lord Lamont of Lerwick
 Lord Layard
 Lord Livermore*
 Lord May of Oxford†
 Lord Monks** †
 Lord Sharkey
 Lord Teverson†
 Lord Tugendhat*
 Lord Turnbull
 Baroness Wheatcroft

† Member until 25 May 2016

* Joined Committee on 25 May 2016

** Lord Monks was unable to attend most meetings.

The Committee took evidence between December 2015 and April 2016.

Declarations of Interest

Baroness Blackstone
Chair, Orbit Group (Housing Association)

Baroness Bowles of Berkhamsted
Partner, Bowles Horton Partnership (property management—receives rental income from residential and commercial units)

Lord Burns
Shareholding in British Land plc

Lord Darling of Roulanish
No relevant interests

Lord Forsyth of Drumlean
Non-executive Director, Secure Trust Bank plc
Owner of self-catering holiday accommodation, from which rental income is received

Lord Griffiths of Fforestfach
No relevant interests

Lord Hollick (Chairman)
No relevant interests

Lord Kerr of Kinlochard
No relevant interests

Lord Lamont of Lerwick
Adviser to Land Holdings Capital Ltd (paid by Balli Holdings Limited) and certain secretarial services provided by Land Holdings Capital Ltd

- Adviser to Mutual Finance*
Director of Stanhope Gate Architecture and Urban Design Ltd
- Lord Layard
No relevant interests
- Lord Livermore
No relevant interests
- Lord May of Oxford
No relevant interests
- Lord Monks
No relevant interests
- Lord Sharkey
Liberal Democrat spokesperson for personal finance
- Lord Teverson
Director, Wessex Investors Ltd
Director, Anchorwood Developments Ltd
- Lord Tugendhat
No relevant interests
- Lord Turnbull
Non-executive Director, British Land Company plc
Shareholding, British Land Company plc
- Baroness Wheatcroft
Owner of a buy-to-let property

A full list of Members' interests can be found in the Register of Lords Interests:
<http://www.publications.parliament.uk/pa/ld/ldreg.htm>

Specialist advisers

- Professor Geoff Meen
Reading University contract with DCLG until the end of August 2015
RMIT University (Melbourne) funded by the Australian Housing and Urban Research Institute
Glasgow University Urban Big Data Centre, funded by ESRC
- Professor Christine Whitehead
Member, London Housing Commission (chaired by Lord Kerlake)
Adviser to The Housing Finance Corporation Board of Trustees
Relevant research projects:
Evaluation of Help to Buy for DCLG (complete)
Evaluation of Direct Commissioning (complete)
As Deputy Head LSE London, member of teams researching into:
Accelerating Housing Development in London funded by the Higher Education Innovation Fund
Impact Assessment of potential Mayoral initiatives with respect to private renting in London for National Landlords Association
Evaluation of impact of government policy changes on social housing in Camden for London Borough of Camden
A comparative study of private rented housing in four countries for Knowledge Centre in Housing Economics, Realdania, Denmark
A number of other internationally based academic projects on housing
Worked on a project called Taking Stock analysing the nature of the private rented sector and the role of Buy-to-Let within the sector.

APPENDIX 2: LIST OF WITNESSES

Evidence is published online at <http://www.parliament.uk/economics-of-the-uk-housing-market> and available for inspection at the Parliamentary Archives (020 7219 3074).

Evidence received by the Committee is listed below in chronological order of oral evidence session and in alphabetical order. Those witnesses marked with * gave both oral evidence and written evidence. Those marked with ** gave oral evidence and did not submit any written evidence. All other witnesses submitted written evidence only.

Oral evidence in chronological order

**	Dame Kate Barker	QQ 1–16
**	Martin Wolf, Chief Economic Correspondent, Financial Times	
**	Christopher Walker, Head of Housing Planning and Urban Policy, Policy Exchange	
*	Betsy Dillner, Director, Generation Rent	QQ 17–40
*	Toby Lloyd, Director of Campaigns, Shelter	
**	Duncan Stott, Director, PricedOut	
*	Dr Peter Williams, Cambridge Centre for Housing and Planning Research	
**	Professor Steve Wilcox, Centre for Housing Policy, University of York	
**	Professor Danny Dorling, St Peter’s College, University of Oxford	QQ 41–58
*	Professor Paul Cheshire, London School of Economics	
**	Andrew Rose, Chief Executive, Homes and Communities Agency	QQ 59–77
**	Fiona McGregor, Head of Regulation, Homes and Communities Agency	
*	Stephen Aldridge, Director of Analysis and Data and Chief Economist, Department for Communities and Local Government	
*	Isobel Stephen, Head of Housing, Department for Communities and Local Government	
**	Gwyneth Nurse, Director of Financial Services, HM Treasury	
**	Mike Williams, Director of Business and Tax, HM Treasury	
**	Stephen Farrington, Deputy Director of the Economics Group, HM Treasury	

- * Lord Green of Deddington, Chairman, Migration Watch UK [QQ 78–93](#)
- ** Professor Robert Rowthorn, Cambridge University
- ** Professor John Muellbauer, Oxford University
- ** Professor Tony Champion, Newcastle University
- * John Stewart, Director of Economic Affairs, Home Builders Federation [QQ 94–110](#)
- ** Jennie Daly, UK Land Director, Taylor Wimpey
- * Gary Day, Land and Planning Director, McCarthy & Stone
- * David Orr, Chief Executive, National Housing Federation [QQ 111–122](#)
- ** David Montague, Chair, G15 Group, and Chief Executive of L&Q Housing Association
- * Ian McDermott, Chief Operating Officer, Sanctuary Group
- Dr Clive Skidmore, Head of Housing Development, Birmingham City Council [QQ 123–140](#)
- Lord Best, Chair, The Property Ombudsman
- Councillor Sue Derbyshire, Housing and Planning Lead, Greater Manchester Combined Authority
- Lord Kerslake [QQ 141–163](#)
- The Lord Porter of Spalding, Chairman, Local Government Association
- Trudi Elliott, Chief Executive, Royal Town Planning Institute
- Professor Tony Crook, Sheffield University
- Brian Berry, Chief Executive, Federation of Master Builders [QQ 164–190](#)
- Chris Carr, Chair of the FMB Home Builders Group, Carr and Carr (Builders)
- Paul Smee, Director General, Council of Mortgage Lenders
- Stephen Noakes, Director of Mortgages, Lloyds Banking Group
- Sir Jon Cunliffe, Deputy Governor, Financial Stability, Bank of England [QQ 191–199](#)
- Dr David Miles, Imperial College London [QQ 200–228](#)
- Paul Johnson, Director of the Institute for Fiscal Studies
- David Smith, Policy Director, Residential Landlords Association

Nick Jopling, Executive Director of Property,
Grainger Plc

Chris Taylor, President, British Property Federation

Professor Hugo Priemus, Delft University of
Technology

[QQ 229–236](#)

Bernard Vorms, Chair, National Council of
Transaction and Property Management

Jean-Pierre Schaefer, Special Adviser, National
Council of Cities

Brandon Lewis MP, Minister of State for Housing and
Planning, Department for Communities and Local
Government

[QQ 237–257](#)

Damian Hinds MP, Exchequer Secretary, HM
Treasury

Alphabetical list of all witnesses

	Aldiss & Associates Ltd	EHM0098
	Architecture Verte Ltd	EHM0069
	Barclays Bank PLC	EHM0161
**	Dame Kate Barker (QQ 1–16)	
	Bolton At Home	EHM0105
	Bolton Parish Council	EHM040
	British Hospitality Association	EHM0152
	British Property Federation	EHM0133
	Dr Tim Brown	EHM0065
	Build A Dream Self Build Association (BADSB)	EHM0035
	Building Social Housing Foundation	EHM0128
	Building Societies Association	EHM0113
*	Cambridge Centre for Housing Planning Research	EHM0047
	Campaign to Protect Rural England (CPRE)	EHM0092
	Bob Cambell-Barr	EHM0010
	Centre for Context and Change	EHM0110
	Centre for Progressive Capitalism	EHM0094
**	Professor Tony Champion (QQ 78–93)	
	Vicky Chapman	EHM0023
	Chartered Institute of Housing	EHM0170
	Chartered Institute of Public Finance Accountants	EHM0169
	Chartered Institute of Taxation	EHM0063
	Cheshire East Council	EHM0142

★	Professor Paul Cheshire (QQ 41–58)	EHM0028
		EHM0156
		EHM0159
		EHM0168
	Chichester District Council	EHM0079
	Chiltern District Council	EHM0171
	City of London Corporation	EHM0119
	Community Support	EHM0122
	Community Voice on Planning	EHM0058
	Construction Products Association	EHM0095
	Dr Robert Copcutt	EHM0071
	Alan Cotterell	EHM0080
	Council of Mortgage Lenders	EHM0064
	Country Land and Business Association	EHM0147
	Countrywide	EHM0108
	Credit Suisse	EHM0163
	Crisis	EHM0127
	Professor Tony Crook	EHM0090
		EHM0096
	Cumbria Housing Group	EHM0097
★	Department for Communities and Local Government (QQ 59–77) (QQ 237–257)	EHM0145
		EHM0157
	Eric Dickens	EHM0155
★★	Professor Danny Dorling (QQ 41–58)	
	East Devon Alliance	EHM0052
	Eden District Council	EHM0112
	Edward Henry House Co-operative Ltd	EHM0087
	Robert Edwards	EHM0049
	Fairhazel Housing Co-operative Limited	EHM0093
	Federation of Master Builders	EHM0140
	Financial Conduct Authority	EHM0150
		EHM0164
	Finsbury Park Housing Co-operative	EHM0055
	Simon Forrester	EHM0022
	Councillor James Fraser	EHM0037
★	Generation Rent (QQ 17–40)	EHM0032
	Grainger plc	EHM0083
	Dean Gray	EHM0003

	Greater Manchester Combined Authority	EHM0135
	Green House Think Tank	EHM0129
	Martin Grubb	EHM0066 EHM0132
	Professor Alan Hallsworth	EHM0054
	Hatchrow Housing Co-operative	EHM0103
	Charlotte Hawke	EHM0020
	Rt Hon John Healey MP	EHM0158
	Lesley Hines	EHM0027
*	HM Treasury (QQ 59–77) (QQ 237–257)	
	Michelle Hocknull	EHM0038
*	Home Builders Federation (QQ 94–110)	EHM0131 EHM0153
**	Homes and Communities Agency (QQ 59–77)	
	Homes for the North	EHM0100
	HSBC Bank plc	EHM0162
	HTA Design LLP	EHM0001
	Igloo Regeneration	EHM0046
	Institute of Economic Affairs	EHM0120
	Intergenerational Foundation	EHM0048
	Iroko Housing Co-operative	EHM0088
	Colin Jex	EHM0013
	Helen Johnson	EHM0062
	Ben Jones	EHM0124
	Joseph Rowntree Foundation	EHM0115
	Key One Property Ltd	EHM0024
**	L&Q Housing Association (QQ 111–122)	
	Labour Land Campaign	EHM0070
	Dr Guy Lambourn	EHM0002
	Land Value Taxation Campaign	EHM0053
	Leeds City Region Enterprise Partnership West Yorkshire Combined Authority	EHM0126
*	Brandon Lewis MP (QQ 237–257)	EHM0167
	Bob Line	EHM0031
	Liverpool City Council	EHM0039
	Lloyds Banking Group plc	EHM0173
*	Local Government Association	EHM0174

Alan Lodwick	EHM0130
London Borough of Islington	EHM0141
London Federation of Housing Co-operatives	EHM0134
London Forum of Amenity and Civic Societies	EHM0148
London Tenants Federation	EHM0099
Professor Jaime Luque	EHM0042
Professor Stephen Malpezzi	EHM0143
Tony Mano	EHM0008
Marsh Parsons	EHM0043
Edward Maszka	EHM0085
* McCarthy & Stone (QQ 94–110)	EHM0072
* Migration Watch UK (QQ 78–93)	EHM0149
Kathy Miller	EHM0025
Denis Minnis	EHM0005
Professor John Muellbauer (QQ 78–93)	
Diana Nason	EHM0084
National Association of Estate Agents & Association of Residential Letting Agents	EHM0114
National Community Land Trust Network	EHM0123
National Federation of Arms-Length Management Organisations	EHM0057
National Federation of Builders	EHM0136
* National Housing Federation (QQ 111–122)	EHM0144 EHM0160
National Institute of Economic and Social Research	EHM0061
National Landlords Association	EHM0139
New Economics Foundation	EHM0101
Reverend Paul Nicolson	EHM0077 EHM0078
Northern Housing Consortium	EHM0118
Orbit Group Ltd	EHM0091
David Orton	EHM0011
Otter Valley Association	EHM0075
Our Cornwall	EHM0125
Oxford Brookes University	EHM0111
Oxfordshire Community Land Trust	EHM0041
Paragon Group of Companies	EHM0073
Parkhill Housing Co-operative	EHM0068

	John Phillips	EHM0021
	Thomas Pinder	EHM0024
	Pocket Living Ltd	EHM0109
	Positive Money	EHM0107
	Ian Preddy	EHM0081
**	PricedOut (QQ 17-40)	
	Property 118 Landlords Group	EHM0036
	Property Franchise Group	EHM0082
	Property Partner	EHM0143
	Malcolm Ramsay	EHM0044 EHM0137
	Renters' Rights UK	EHM0050
	Rentplus	EHM0034
	Residential Landlords Association	EHM0016
**	Professor Robert Rowthorn (QQ 78-93)	
	Royal Bank of Scotland	EHM0165
	Royal Institution of Chartered Surveyors	EHM0151
	Royal Town Planning Institute	EHM0121
	Gary Salter	EHM0117
*	Sanctuary Group (QQ 111-122)	EHM0059
	Santander UK	EHM0166
*	Jean-Pierre Schaefer	EHM0172
	Daniel Scharf	EHM0017
	Professor Martin Shaw	EHM0013
	Stephen Shaw	EHM0106
*	Shelter (QQ 17-40)	EHM0033
	Shout Housing Campaign	EHM0045
	Ian Simpson	EHM0006 EHM0009
	Southwark Group of Tenants Organisation	EHM0138
	Barry Sutcliffe	EHM0067
**	Taylor Wimpey (QQ 94-110)	
	Gareth Thomas	EHM0026
	David Turver	EHM0015
	David Ulldemolins	EHM0086
	Jenny Unsworth	EHM0074
	Urban Vision Enterprise CIC	EHM0116

	Vine Housing Co-operative	EHM0104
*	Bernard Vorms	EHM0172
**	Christopher Walker (QQ 1-16)	
	Judith Ward	EHM0056
**	Professor Steve Wilcox (QQ 17-40)	
	Brian Wells	EHM0154
	Suzanne Williams	EHM0018
**	Martin Wolf (QQ 1-16)	
	Wythenshawe Community Housing Group	EHM0060
	YMCA England	EHM0076

APPENDIX 3: CALL FOR EVIDENCE

The Economic Affairs Committee of the House of Lords, chaired by Lord Hollick, is conducting an inquiry into *The Economics of the United Kingdom Housing Market*. This inquiry will consider:

- the supply and affordability of housing for private buyers, for the private rental sector and for the social housing market across the UK;
- the effectiveness of Government policies on the demand for and supply of reasonably priced housing across the UK.

The Committee invites interested individuals and organisations to submit evidence to this inquiry.

Written evidence is sought by 17 December 2015. The written submissions will guide the Committee's deliberations in oral evidence sessions and also inform the Committee's final conclusions and recommendations.

Public hearings will be held between November 2015 and February 2016. The Committee aims to report to the House, with recommendations, in Spring 2016. The report will receive a response from the Government, and may be debated in the House.

The remit of the Economic Affairs Committee is to consider economic affairs. Information including membership and recent inquiries can be found on this link: <http://www.parliament.uk/business/committees/committees-a-z/lords-select/economic-affairs-committee/>

The Committee would welcome written evidence on any or all of the issues set out below, or on any other relevant aspects of the UK housing market. Written evidence does not need to address every question. Whilst the questions are split by type of housing tenure, evidence that addresses the links between each category is welcomed. **The questions are not listed in any particular order of importance.**

The specific questions the inquiry will seek to address are:

1. **Private Ownership:** What measures can be taken to increase the supply of reasonably priced housing in the UK?
 - (a) Government schemes: How effective have Government schemes (such as Help to Buy, shared ownership and the right to acquire) been in improving the affordability of housing? Have these schemes exacerbated any lack of low cost housing? What will be the impact of the cessation of these schemes?
 - (b) Taxation: Are there tax measures that would improve housing supply and affordability?
 - (i) Will the proposed changes to inheritance tax due to come into effect in April 2017 have any impact on 'downsizing' or housing supply in general?
 - (ii) Has the 2014 reform of Stamp Duty Land Tax improved the affordability of houses for first time buyers? Should there be further reform to Stamp Duty?

- (c) **Mortgages:** Has the introduction of the Mortgage Market Review changes in April 2014 restricted lending in particular to first time buyers? Should further changes be made to the rules?
 - (d) **Planning:** Are any further changes to the planning system necessary to increase the availability of low cost housing?
2. **Privately Rented Accommodation:** What measures can be taken to increase the supply of low cost private rental properties in the UK?
- (a) Will the reduction of tax relief available to private landlords announced by the Chancellor of the Exchequer in the 2015 Budget increase the cost of privately rented accommodation?
 - (b) Will the current trend of a decline in home ownership and an increase in private renting continue? How can the Government encourage a stable long-term rental culture?
 - (c) What are the advantages and disadvantages of restricting rent increases in the private sector?
3. **Social housing:** Are any measures needed to increase the supply of social housing?
- (a) What will be the impact of the Right to Buy for housing association tenants?
 - (b) What will be the impact of the proposed changes to social housing rents announced by the Chancellor of the Exchequer in the 2015 budget? Are any additional or alternate changes to social housing rents needed?

3 November 2015

