

Changes to the Current Planning System Consultation

Summary

The Ministry of Housing, Communities and Local Government (MHCLG) is consulting on short-term changes to current planning policy and regulations. The four main proposals are:

- To increase local housing need determined by the Standard Methodology – in Surrey Heath an increase from 332 to 408 dwellings per year;
- A requirement to provide First Homes as part of affordable housing delivery;
- An increase to affordable housing site thresholds to 40 or 50 dwellings for a temporary 18 month period; and
- To extend Permission in Principle to include major sites.

The changes are subject to an 8 week consultation period and are planned to be introduced later this year.

In addition, a fundamental reform to the planning system is set out in a White Paper: "Planning for the Future", which is subject to a twelve week consultation and will be the subject of a report to 20 October Executive.

Portfolio: Planning & People

Date Portfolio Holder signed off report: 31 August 2020

Wards Affected: All

Recommendation

The Executive is asked to RESOLVE that

- (i) the publication of the Government's Changes to the current planning system consultation be noted; and**
- (ii) the detailed response to the consultation questions, as set out at Annex 1, be agreed.**

1. Key Issues

1.1 This consultation sets out proposals which aim 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 White Paper;

- 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 contributions system;
- Temporarily lifting the small sites threshold below which developers do not need to contribute to affordable housing, from 10 to up to 40 or 50 units to support Small and Medium (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 faster route to secure the principle of development for housing on sites without having to work up detailed plans first.

Implications for Surrey Heath

Standard Methodology

- 1.2 The increase in the standard method housing need figure for the Borough to 408 dpa will have a significant impact on the Local Plan housing requirement and site allocations as it increases housing needs over a 2019 to 2037 plan period (under the current system) by about 1,370 homes.
- 1.3 The proposed new standard method is based on the higher of either 0.5% of housing stock or the latest household projections averaged over a 10 year period. For Surrey Heath there is a significant difference between these two figures with 0.5% of housing stock being significantly higher. Our detailed consultation response (Annex 1) suggests the local housing figure should be based on a blend of both these figures, the level of 0.5% of housing stock and latest household projects averaged over a 10 year period, as this would reduce Surrey Heath's housing need figure and better reflect the constraints to development in our Borough. We also suggest that the proposed affordability weighting is too high.
- 1.4 However, we acknowledge that as the Government has clearly set out aspirations to increase housing supply nationally to over 300,000 homes a year the suggested approach is unlikely to be adopted. A general comment has been made in the consultation response which suggests that the spatial distribution of housing should be based on planning matters rather than using a purely mathematical approach which takes no account of the capacity of areas to take further development or the likely long term impacts of Covid-19 in how people live and work. Further comments will be made in response to the Planning White Paper.
- 1.5 The Government is proposing that the new standard methodology would apply from the date of publication of the revised guidance, subject to tight transition arrangements relating to plans at an advanced stage of production. In effect, in the short-term, and subject

to future proposed major reforms, we would be required to use the new standard methodology for our emerging Local Plan. Our suggested response raises objection to this. It is clear that the outcome of the revised standard methodology is not the final stage in setting a housing requirement which Government has indicated will take into account local environmental constraints.

Delivering First Homes

- 1.6 Earlier this year (March Executive) we commented on consultation proposals for the introduction of First Homes, which are sold at a discount to market price for first time buyers, including key workers.
- 1.7 Following earlier consultation the Government is proposing that a minimum of 25% of all affordable housing units secured through developer contributions will be First Homes. The consultation states that 'First Homes should replace as a priority other affordable home ownership products' and the proposals will therefore impact on the delivery of Intermediate Affordable Housing (includes Shared Ownership).
- 1.8 To help meet our affordable housing needs Surrey Heath's Housing Needs Assessment (2020) suggests 25% of homes should be Intermediate Housing (forms of affordable ownership) and 75% Affordable Housing for Rent (Social Rent and Affordable Rent). The effect of the proposed requirement is that all Intermediate Housing will be provided as First Homes.
- 1.9 The Government is proposing that First Homes will be discounted by 30% from market value. A discount of 40 or 50% can be given if it is justified by local circumstances through the local plan process.

Supporting SMEs

- 1.10 Increasing the provision of affordable housing thresholds from 10 to 40 or 50 dwellings for a temporary period of 18 months will impact on affordable housing delivery in Surrey Heath. We estimate it will result in the delivery of 68 fewer affordable homes over this period. Our response suggests that Government should look to other ways of supporting SMEs rather than impact on affordable housing provision which in itself will have consequential social and economic impacts.

Extension of Permission in Principle

- 1.11 Current planning guidance and this Consultation acknowledges Permission in Principle (PiP) is not compatible with the Habitats Regulations 2017 and on that basis the proposals will have limited impact in Surrey Heath.

Conclusion

- 1.12 The changes to the current planning system will have short term impacts on Surrey Heath, particularly if proposals to introduce the new standard methodology for housing and the proposals for First Homes are introduced. The consultation paper suggests that both of these would initially be put in place through revised Planning Policy and Guidance which could be published later this year.
- 1.13 The more radical planning reforms to the planning system proposed in the White Paper: "Planning for the Future" would impact on the detail and delivery of these initiatives.

2. Resource Implications

- 2.1 The resource implications arising from the proposals set out in the Changes to the current planning system consultation will be covered by existing budgets. Depending on the practical implementation of First Homes and the responsibilities of local authorities in administering the scheme there may be future resource implications.

3. Options

- 3.1 The Options for the Executive to consider are:
 - i) To agree the consultation response as set out in Annex 1;
 - ii) To agree the consultation response in Annex 1 with any additional comments that Executive may wish to make; or
 - iii) To not agree the response set out in Annex 1.

4. Proposals

- 4.1 It is proposed that Members agree to submit the response set out in Annex 1 as Surrey Heaths formal response to the Changes to the current planning system consultation.

5. Supporting Information

- 5.1 The document forming the consultation can be viewed at <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>

6. Corporate Objectives And Key Priorities

- 6.1 The proposals have some impact on the Council's ability to balance housing need with protection of the environment in the light of the Borough's development constraints. However, any impacts may be short-term depending on the outcome of more significant Planning reforms proposed in the White Paper.

7. Policy Framework

7.1 The Governments consultation on changes to the planning system is a national consultation whose proposals apply to all local authorities within England. It forms part of wider proposals to reform the planning system.

8. Legal Issues

8.1 The implementation of the proposed changes will have impacts on the determination of planning applications and in the short term on the production of the Draft Local Plan.

9. Human Rights

9.1 No issues identified.

10. Consultation

10.1 This Report is a response to a consultation and has not required any consultation to take place by the Borough Council.

11. Officer Comments

11.1 These proposals are linked to wider planning reforms including significant changes to the planning system proposed through a Planning White Paper: Planning for the Future published in August for consultation. As set out previously this will be the subject of a report to 20 October Executive.

Annexes	Annex 1: Response to the Changes to the current planning system consultation
Background Papers	None
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