

London Forum response to the consultation on 'Changes to the Current Planning System'

The following comments are made on 1st October 2020 on 'Changes to the Current Planning System' consultation by the London Forum of Civic and Amenity Societies, a charity established by the Civic Trust in 1988 to network, support, inform and represent over 120 community groups in London, which in turn have over 100,000 individual members.

Standard method for assessing housing numbers in strategic plans

Our key points on this subject are that

- The Standard Method would give targets for some London boroughs that would not be achievable due to land capacity restraints, yet it gives up to a 25% reduction on the number of homes in some boroughs compared with the commitment to a high figure those local authorities made in 2019.
- The methodology applied for housing targets in London using SHMA and SHLAA processes was approved last year by Inspectors of the draft New London Plan, now the ['Intend-to-Publish'](#) version. It would utilise land in the capital for housing in a more efficient way than the Standard Method would achieve.
- The Standard Method formula considers the unaffordability of homes to buy in locations in England but in London, market homes are affordable to only 8% of the population. Homes to rent at prices key workers can afford is the housing requirement in the capital, calculated as required to be 47% of all new homes built which the Standard Method would not ensure were delivered. That would be a serious problem as it is vital those truly affordable homes are built to alleviate the problem of "overcrowding and concealed households" (para.13 of the consultation paper).

London Forum's full comments that follow on this subject deal with the specific circumstances of London, where, unlike most of the rest of the country, the physical and policy constraints have meant that reconciling "objectively-assessed need" and capacity has been difficult. Most London boroughs' new housing is achieved 95% or more on previously-developed sites – in almost all boroughs there are no greenfield sites other than Green Belt and Metropolitan Open Land, both of which have the same level of policy protection.

In London, the London Plan process considers both the "need" through a Strategic Housing Market Assessment (SHMA) and assesses the capacity through a Strategic Housing Land Availability Assessment (SHLAA). Those have been drawn up in partnership with the London Boroughs and other key stakeholders, such as the Home Builders Federation and included London Forum. The headline London Plan target is then distributed after considering local capacity.

Current London Plan housing target

Currently, local planning authorities – in London the Mayor and some boroughs – establish the "objectively-assessed need" based on demographic factors (e.g. household formation and net migration). This is translated into local housing "need".

In the latest version of the ['Intend-to-Publish-New-London-Plan'](#) the additional housing "need" (66,000pa) was nearly matched by "capacity" (65,000pa), but this figure made a substantial allowance for windfall sites. This approach was challenged at the EiP. The Panel who

examined the London Plan subsequently reduced the London-wide housing target to 52,000pa, as they did not consider the assumptions about windfall sites were realistic.

The main feature of London Plan, however, is that the borough-level targets are the result of redistribution of the headline housing target for London - housing targets for boroughs are based on their ability to accommodate additional housing.

New Proposal

The latest proposal from MHCLG is that there should be an annual target for England of 300,000 dwellings pa, which would be distributed by them to local authority level based upon a formula/algorithm – the new Standard Method - which puts considerable weight on building more housing in areas with high house prices. This means, according to [analysis](#) by Lichfields, the target becomes 337,000 to allow for slippage, of which 93,500pa would be the “housing requirement” for London. However, capacity factors need to be taken into account - which they have not been in that use of the new formula.

All of the "housing requirement" figures are to be directed to individual local planning authorities, with MHCLG agreeing any proposed reductions.

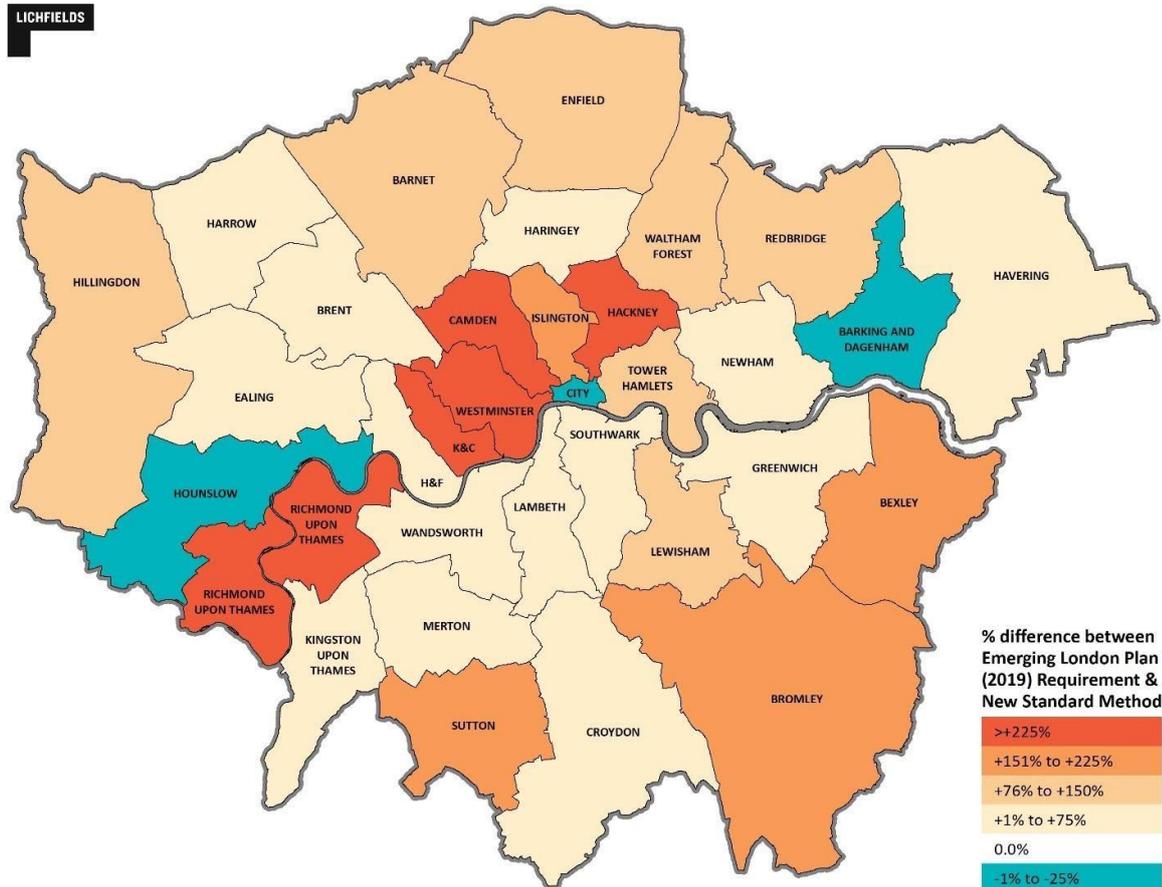
Thus, not only is the new overall London “housing requirement” figure much higher than the London Plan target, but when distributed within London to boroughs with high house prices, the new “targets” for more central boroughs would be greatly increased. For example, the new “housing requirement” figures for these boroughs compared to the ‘Intend to Publish New London Plan’ (NLP) would be:

- Tower Hamlets: NLP 3,473pa and 6,121pa (new housing requirement)
- Westminster: NLP 985pa and 5,750pa (new housing requirement)
- Barnet NLP 2,325pa and 5,744pa (new housing requirement)
- Camden: NLP 1,038pa and 5,604pa (new housing requirement)
- Hackney: NLP 1,328pa and 5,031pa (new housing requirement)
- Greenwich NLP 2,824 and 4,289pa (new housing requirement)
- Lewisham: NLP 1,667pa and 3,735pa (new housing requirement)
- Kensington & Chelsea: NLP 448pa and 3,285pa (new housing requirement)
- Bromley: NLP 774pa and 2,487pa (new housing requirement)
- Hillingdon NLP 783pa and 2,026 (new housing requirement)

In Outer London, there would be a significant rise in housing requirement for the boroughs of Barnet, Greenwich and Bromley.

A full comparison by London borough of the “Intend to Publish London Plan” (2019) and the table produced by Lichfields (page two [here](#)) highlights the major gulf between the London Plan borough annualised average targets for net housing completions and figures that the Government intends to apply at borough level for “housing requirements”.

The way in which the Standard Method seems to have produced unlikely figures for London’s boroughs is illustrated by the Lichfields’ map below.



Two boroughs, Hounslow and Barking and Dagenham would have their housing target reduced by the proposed Standard Method, compared with the figures in the New London Plan.

Barking and Dagenham borough, which is part of the main development area 'City in the East', has within it a major Opportunity Area in the LP with high future borough housing objectives.

Hounslow Council has exceeded its 2016 London Plan housing target and accepted a doubling of that target in 2019 based on its growth area strategies.

It seems strange that both boroughs could be discouraged, as a result of applying the proposed formula and reducing their targets, from achieving the quantity of new homes that are possible. The Standard Method would reduce their housing target by 15% and 25% respectively..

The massive increases in housing targets for RB Kensington and Chelsea and the City of Westminster seem unlikely without large-scale redevelopment and high rise towers in sensitive locations as large parts of those local authorities are conservation areas.

The new method has an algorithm which focuses high levels of growth to London (and the South East) regardless of whether there is the capacity to deliver these numbers.

The Government proposes, in the Planning White Paper proposal 4 and para. 2.25 bullet point three, that "The housing requirement would factor in land constraints" and "the practical limitations that some areas might face, including the presence of designated areas of environmental and heritage value, the Green Belt and flood risk." However, the 'Changes to the Current Planning System' consultation paper does not mention constraints.

As a result, the MHCLG proposal would be politically impossible to meet in many London boroughs with or without reallocation by the Mayor, which demonstrates the flaw in the process. The highest prices are in the areas with the greatest shortage of sites and with major constraints to redevelopment.

The consultation paper states in para.14 that the Standard Method has to “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.” What is needed is a methodology and a set of policies for England that relieve the problem of “overcrowding and concealed households” (para.13 of the consultation paper) by ensuring the provision of enough homes to rent that are affordable by key workers.

So, what happens if the “housing requirement” figures cannot be accommodated in, for example, various Central/Inner London boroughs? If London as a whole must accommodate 93,500pa for the next 10 years, how would any “excess” in these boroughs be redistributed either within London or outside London? Note that in the London Plan there is redistribution to those boroughs with the capacity.

It is highly implausible that any of the detailed suggestions in this consultation and in the ‘Planning for the Future’ White Paper will result in a durable and sustained increase in volumes of housing construction sufficient to reduce prices. Greater pressure for large-scale redevelopment would take a long time and would run into constraints and public opposition. “Take up” is dependent on housebuilders being prepared to develop this scale of housing and having the short-run capacity and resources to do so.

The Government claims in para.2.24 of the White Paper that the current SHMA and SHLAA processes have “not led to enough land being released where it is most needed (as reflected by worsening affordability).” Unfortunately, the Government seems to relate affordability to the price of a home to buy, whereas in London boroughs are desperate to obtain homes to rent at prices key workers can afford yet developable land is being consumed by developers for unaffordable homes. It is not the fault of the SHMA and SHLAA process nor of the boroughs that low cost rent homes are not being adequately funded.

However, a major problem, not covered in this consultation, is housing delivery. That was explained by Rt Hon Sir Oliver Letwin MP in his [analysis](#) for the Government in October 2018 but his recommendations for resolving it are not covered in ‘Planning for the Future’ except for promotion of small builders.

It is all very well setting high targets, but if developers get consent and do not deliver all of the housing, there will be a growing number of unimplemented housing consents (there are around 300,000 unimplemented units in London at present). High targets may not necessarily translate into higher rates of delivery of housing, let alone affordable housing, if developers decide not to develop out their consents, but to “bank” them or sell them on. All this achieves is high book values, not more housing delivered.

Furthermore, the White Paper does not specify what policies will be overridden by its **proposed new presumption in favour of development** if housing requirements are not met. There is a danger that when high targets are inevitably missed, the presumption will override green space protection, including Metropolitan Open Land, design codes, stated local authority requirements in sites and areas, heritage protection and, possibly, Green Belt all of which the Government indicates it does not want.

The lack of control for councils over delivery rates means that penalising councils when targets are not delivered on a backward-looking basis is grossly unfair and will guarantee that the new higher targets will sometimes be missed due to recessions or other factors. There

should be some power to encourage delivery, perhaps through allowing councils to impose council tax or a land value tax on unimplemented full permissions, a certain period after those permissions are granted.

The bottom line is that this new method seeks to fit quarts in each of the pint pots. The London Forum **strongly opposes** the use of the new housing requirement approach in London, preferring an approach based on “need” and for London’s housing need based on household projections to be redistributed between boroughs in relation to capacity. This is best done by the Mayor after consultation with the boroughs through the London Plan process.

Our experience over the last three Mayors of London, is that the Greater London Authority has the skills and capacity to assess “objectively-assessed need” through their SHMA, with a full understanding of the constraints that London boroughs face through the SHLAA, and, in particular, has worked closely with the boroughs and other stakeholders, including London Forum, to assess capacity. This has informed the redistribution of the London-wide housing target to London boroughs based on their capacity to take this growth.

London Forum **strongly opposes** the possible top-down, algorithm-driven housing requirement that seems to be proposed, and **strongly supports** the current method used in the London Plan process to redistribute growth to boroughs with capacity.

That is covered in the Planning White Paper which states in para. 2.26 “It may be appropriate for Mayors of combined authorities to oversee the strategic distribution of the requirement in a way that alters the distribution of numbers, and this would be allowed for.”

There must be a similar provision for the Mayor in London to allocate housing numbers to boroughs after modelling the housing requirement and types of homes needed.

Also, perhaps in recognition of the capacity restraints in meeting London’s housing need, the Secretary of State wrote to Sadiq Khan on 13 March 2020, following the report of the Panel of Inspectors on the examination of the New London Plan (NLP) as follows.

“I would like you to commit to maximising delivery in London, including through taking proactive steps to surpass the housing requirement in your Plan. This must include producing and delivering a new strategy with authorities in the wider South East to offset unmet housing need in a joined-up way.”

The proposal is for each borough as well as London as a whole to ‘consume its own smoke’. The South East, which will also have higher “housing requirements”, will not be receptive to receiving London’s “overspill”.

Clarity will be required on when and how any application of the Standard Method could or should be applied in London. That is because the draft NLP passed its public examination, the Mayor has agreed the Panel’s recommendation on the housing targets and it is ready for Secretary of State approval and implementation. That is vital as soon as possible because the current 2016 London Plan is out of date. The NLP would introduce design codes as proposed in ‘Planning for the Future’ and its Good Growth policies relate to the requirements of the NPPF. That would assist London boroughs in updating their Local Plans in whatever way the outcome of the Planning White Paper will propose.

It seems that the Standard Method, as modified as a result of this consultation, would be applied in the next replacement London Plan. That would take at least three years to complete its consultation and examination unless the approval system is accelerated.

That could result in a draft altered London Plan in 2021/22 to which London boroughs' Local Plans would have to be in general conformity as they amend them for changes introduced by the outcome of the Planning White Paper by 2024 (or later, as in Q6 and Q7 below). The complications of that will need careful management, as there will be a new NPPF also for consideration in Local Plan revision and the date for that is not clear.

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*?

London Forum considers that delivering a 0.5% increase per year in the housing stock in each London borough has not been achieved in many London boroughs in the last 20 years. This arbitrary percentage is difficult to achieve in London where 95% plus of sites were formerly developed, except through large-scale projects in Opportunity Areas. Those sites, however, tend to take a long time to build out. This approach may work elsewhere in the country, where an increase in site allocations would be possible, but not in most London boroughs.

The alternative approach – based on household projections

The latest household projections averaged over a 10-year period, which would equate with the “objectively-assessed need” approach, would be the most appropriate for London as a whole, but not necessarily at borough level, other than as a starting point before redistributing housing numbers within London. The London Plan approach of redistributing growth between boroughs is more likely to achieve a higher overall target for London.

London Forum:

- **considers that borough-by-borough targets based on all boroughs adding 0.5% pa to their housing stock – may not produce this level of growth; and**
- **supports an approach based on “objectively-assessed need”, but this needs to be redistributed between boroughs according to capacity, as the London Plan does now.**

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.

See answer to Q1 above

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.

No – not in London, as almost anything built in London will be “unaffordable” in these terms. (80% of new housing is only affordable by 8% of Londoners). Increasing housing targets because of unaffordability could only make sense if the goal is to make house prices more affordable through increasing supply. There is no evidence that this will bring house prices down in the most expensive parts of London, yet these areas have been earmarked for the largest increases, yet have the least capacity to deliver this scale of housing.

The coronavirus and the Chancellor's decisions are likely to produce more than a short-term reduction in median earnings, and may affect house prices in the long term. All this needs rethinking by MHCLG.

In London, lower quartile earnings would be more appropriate than median in order to reflect the housing needs of over 40% of Londoners.

If the goal is to make house prices more affordable or less unaffordable through increasing supply, it is not explained how this would work. No plausible means have been suggested to achieve this, particularly in the most expensive parts of London, without large numbers of high rise towers. Yet these areas have been earmarked for the largest increases when they have the least capacity to deliver this scale of housing. If the lack of sites and the unacceptability of high-rise towers are the major constraints, then these “housing requirement” figures will need a radical rethink. However, adjusting individual borough figures will not solve the problem if other boroughs would be asked to make additional provision.

Subsidising first-time buyers does not help – it will push up prices and the main benefit of this seems to go to larger housebuilders and people with high incomes.

More affordable housing in London based on current proposals is likely to materialise only by focusing support on building more homes of various tenures, as described in the London Housing Strategy, that people can afford to rent. The present initiatives do not produce more affordable housing, but reduce the availability of affordable housing.

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.

Perhaps – but it will not be very useful for delivering housing, let alone affordable housing in London, especially in Central/Inner London.

“Affordability” in this consultation seems to relate to house prices but has MHCLG considered the affordability of social and other Housing Association homes and of those in the Private Rented Sector? Housing benefits could continue to rise unless measures are taken to ensure that enough people who need to do so can find a home at 30% of their earnings.

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

See answer to Q4 – it is not useful in much of London because the affordability of homes to rent is not taken into account.

The London Housing Strategy explains what they will need to be and the boroughs will determine where they should be built.

Transition:

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?

London Forum considers that the new Standard Method is inappropriate for most London boroughs, so Q6 and Q7 could be academic. Even an approach built on forecast household growth is only a starting point as we consider that there will need to be a redistribution toward boroughs that have the capacity. This will produce more housing than each borough being required to meet “need” even when there is insufficient capacity.

Local authorities in London will have to revise their Local Plans based on the introduction of the inspected New London Plan, so the timescales indicated in these two questions will have to be taken into account.

The timing of the introduction of a replacement NPPF will affect the timing and the work that London boroughs will have to carry out.

Delivering First Homes

Our key points on this subject are that

- The Government’s policy for increasing the delivered quantity of homes to buy is unsuitable for London where the major developers are delivering more market homes annually than are needed, according to the capital’s SHMA.
- From statistics published by the GLA, 80% of all new homes delivered are affordable by only 8% of Londoners. First Homes in London would be affordable only to the richest 2% of households.
- The enforced delivery of First Homes would reduce the quantity of urgently needed affordable homes to rent or for shared equity which could drive key workers out of London.
- The concessions on Infrastructure Levy payments by developers of First Homes could result in inadequate social infrastructure and public transport for the occupiers of such homes which would make them unsustainable when assessed on NPPF policies.

London Forum’s full comments that follow on this subject relate to the situation and needs of London.

In para. 45, the consultation paper states that Help to Buy and Right to Buy have helped to make “the dream of home ownership a reality.” Unfortunately, in London Help to Buy has increased the prices of houses and flats. Right to Buy has reduced the number of low-cost rent homes for key workers faster than additional social housing has been delivered in many areas.

According to the London SHMA, 47% of all new homes are required to be of the low- cost rent type but that has not been achieved since the assessment was published.

Only 35% of new homes need to be homes for market sale according to the SHMA. That has been exceeded by delivery in developers’ housing schemes, yet First Homes are for ownership. By mandating them as 25% of all affordable homes, it is most unlikely that the total new affordable homes would meet the requirement of being 65% of all new homes delivered and with the required mix of types.

Requiring boroughs in the capital to approve 25% of all affordable housing units to be First Homes would reduce developers’ delivery of shared equity and other affordable types of home. Also, para. 49 requires that “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.” and (para.52 option 1) “First Homes should replace as a priority other

affordable home-ownership products.” Those would further reduce the delivery of low-cost rent and shared equity homes.

London Forum is in full agreement with the RTPI response in March 2020 to the Government’s consultation on First Homes. They wrote in para. 3 “As proposed, First Homes will impact on the ability of Local Planning Authorities (LPAs) to meet all types of housing need through the planning system.”

RTPI continued “The National Planning Policy Framework (NPPF) and Planning Practice Guidance (PPG) require affordable housing mix policies to be based on local evidence of need (and viability). However, the framework for First Homes would elevate First Homes above all other tenures. This undermines the local plan-led approach. It is crucial to ensure the primacy of Local Plans, using local need and viability evidence to decide what affordable tenure is most appropriate – not a national one size fits all.”

RTPI pointed out in its response para. 37 that “Almost all housing market assessments, and councils’ registers of housing needs, point to a serious under provision of affordable rent properties.”

If First Homes 30% discount is to count towards developer payment of Infrastructure Levy or there will be an exemption, Councils will have less income for developing the social infrastructure and facilities, including public transport, than the occupiers of First Homes would require. That would make their delivery unsustainable in terms of the NPPF’s para.8 b) social objective.

A price cap of £420k after a 30% discount would indicate the full market value as £600k. In the response by the GLA to the First Homes consultation in March 2020, it was pointed out that First Homes in London would be affordable only to the richest 2% of households which are those with incomes over £76,000, assuming a 30% discount. With a 40% discount, only 4% of Londoners could buy a First Home.

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):

To consider First Homes to be ‘affordable’ would not be correct in London, as they would be able to be purchased by only a tiny part of the population. Their mandated supply at 25% of the total affordable homes would interfere with the work of local authorities in the capital to meet housing needs, as in the comments above.

The land they would take is required for the type of affordable homes that the London Housing Strategy and the London SHMA define. The affordable housing targets and the policies for achieving them in the ‘Intend to Publish’ New London Plan were endorsed by its examining Inspectors in 2019 and First Homes would distort the planned approach for homes in London.

Reducing affordable housing contributions by developers by 25% due to the supply of First Homes would prevent London boroughs from meeting their housing requirement for low cost rent homes. They have not been able to achieve supply of the homes of the types needed using 100% of developers’ contributions in recent years. That would drive key workers out of the capital and subject them to high travel costs and longer working days. Many might seek

work out of London which could harm the delivery of public services and adversely affect service businesses dependent on low wage employees.

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)

None of the options would be suitable for London because reducing the current funds by developers for truly affordable housing of various types in order to fund more First Homes would fail to meet housing requirements, contrary to the policies in section 5 of the NPPF for delivering a sufficient supply of homes.

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?

That may be applicable outside London but First Homes would have an adverse effect on meeting the full range of housing needs in the capital, as explained in our comments above.

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

Exemptions for Build to Rent may no longer be suitable.

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

No. The proposal that First Homes should be exempt from requirements to deliver affordable homes fails to recognise the need to maximise affordable housing delivery in London, particularly for low-cost rent. The comparison with Build to Rent is not applicable as the latter serves the needs of a different set of people.

Local plans and transitional arrangements

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

No. It would prevent the delivery of the required number of low cost rent and intermediate homes in London if local authorities were to “consider whether First Homes could be easily substituted for another tenure, either at 25% or a lower proportion.”

Level of discount

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

No. Discounts of 40% or 50% for First Homes would not make them affordable by enough people living in London for the reasons outlined by the GLA to the Government in March 2020 that even with a 40% discount, only 4% of Londoners could afford to buy a First Home.

Community Infrastructure Levy

The proposed exemption from CIL of First Homes in para. 61 is unacceptable.

Local authorities must provide the social infrastructure facilities and services, including public transport, that would be required by the occupiers of First Homes, otherwise they would not be complying with the NPPF sections 2, 8 and 9.

Without the infrastructure, there will be overloading of existing facilities causing resentment and opposition to growth by existing residents.

Exception sites

Q14: Do you agree with the approach of allowing a small proportion of market housing on First Homes exception sites, in order to ensure site viability?

No. Policy H2 in the 'Intend to Publish' New London Plan to deal with windfall sites meeting housing needs as determined by each local authority was approved by the Inspectors after its examination. Such sites should not be mandated for their affordable element to be only First Homes because they would not then be delivering the homes required to address London's unmet needs and the homes would be unaffordable to most people.

The delivery of market housing in London is already above the calculated SHMA need at 35% of all new homes. To provide more homes to buy as First Homes on exception sites would be contrary to NPPF para. 71 which states that homes for first time buyers on such sites should not be delivered if "the need for such homes is already being met within the authority's area."

London requires additional low-cost rent homes of the London Affordable and the London Living Wage type, not more market housing.

Para. 71 of the NPPF seeks also the use of exception sites for "those looking to rent their first home." That national policy suits London and it should not be altered or its achievement harmed by imposition of First Homes.

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

No. The NPPF policy is appropriate and London's local authorities should plan for exceptions.

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

London Forum has no comment for this question.

Supporting small and medium-sized developers

London Forum considers that any policy like this would need to have strong tests for defining who should be eligible, what is an SME housing developer and whether this is realistic within London.

London Forum key points on this subject are in the bullet points below.

In principle, helping SME builders may seem a worthy objective, **but**

- in London SME builders are not likely to undertake schemes of 40, let alone 50 units, because of the cost of land, the financing costs and the risks that these schemes would have;
- the definition of an SME – this will need to be specified in the legislation, otherwise large housing developers can set up independent or subsidiary companies to take advantage of the dispensation to avoid contribution to the Infrastructure Levy that this change would allow;
- there would need to be a legal agreement that the development would be personal to the SME to whom the permission would be granted to ensure that the permission could not be sold on, especially not to a large housebuilder as a means of avoiding the need to provide affordable housing; and
- this initiative could lead to “threshold abuse” – a number of applications for adjoining sites, allegedly by SMEs, all coming in at 39 (or 49) units, all producing no affordable housing.

In this scenario, the estimated impact would be much greater than the 10-20% loss.

London Forum’s full comments follow.

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?

No - This really is back to the beginning of affordable housing policy in the mid-1990s, when the first tentative steps were taken to seek affordable housing as part of market housing schemes, the chosen threshold was 40 units. This was quickly dropped because there would be limited take-up.

The threshold was to be set in terms of the number of units and/or the size of the site. It was soon recognised that because of higher densities in London the site size threshold was unworkable and, because of higher land and housing values, there should be not only lower thresholds nationally but much lower thresholds in London. Circular 6/98 set thresholds of:

- 25 or more units or more than 1 hectare outside London; and
- 15 or more units or more than 0.5 hectare in London

Local planning authorities were able to argue for lower thresholds based on “exceptional circumstances”, with most London boroughs, through their Local Plan and then through the London Plan, having a threshold of 10 or more units.

London Forum considers that a “one-size-fits-all” national approach, whether 40 or 50 units, is totally inappropriate in London.

Since SMEs are unlikely to build projects as large as this, a much lower threshold would need to be chosen, say 15 units.

Overall, London Forum considers that this approach would not be appropriate in London – we have no view as to what would be appropriate elsewhere, other than that the decision needs to be evidence-based.

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

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

See answer above, the threshold in London should be 15 units.

Q19: Do you agree with the proposed approach to the site size threshold?

No – given the desire to increase housing densities, the site size threshold, if it were proposed to use it, would need to be different outside London than within London, where, depending on the density of development, the site-size threshold would need to be about between 0.1ha and 0.2ha.

Q20: Do you agree with linking the time-limited period to economic recovery and raising the threshold for an initial period of 18 months?

No – only if the thresholds were substantially less.

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

Yes – but the thresholds are all much too “generous”.

Affordable Housing in Rural Areas

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

London Forum has no comment on this issue

Supporting SMEs

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

Probably, by the focus on small sites in Policy H2 of the New London Plan which is awaiting clearance for introduction by the Secretary of State.

Also, by encouraging the use of SME builders by local authorities and housing associations for the affordable housing they are aiming to deliver. That requires funding by Government to help local authorities build social housing again in large quantities and an ending of ‘Right to Buy’.

Extension of Permission in Principle consent regime

Our key points on this subject follow.

- Major developments in London will be in growth areas in a densely developed city where context and character and capacity for growth and the conformance with requirements specified by the local authority will need evaluation for each scheme proposed, including for environmental impact.
- Permission in Principle would be unsuitable for major developments in London where tall buildings have to be carefully placed and assessed for fire safety risks and for their impact on social infrastructure and the adequacy of local transport capacity.
- Developments below 150 units require the Outline Planning Application process as proposed in the Planning White Paper to enable these matters to be fully assessed.
- Commercial development space in developments needs local authority considerations to achieve the appropriate local levels.

London Forum's full comments and responses to questions on this subject follow.

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

Permission in Principle would be unsuitable as a consent process for major development in London because many such schemes will require precise design codes and definition by area or site of restrictions imposed by the location, surroundings and adjacent uses. That is caused by the density of development in the capital, the large number of conservation areas, protected and local views and the need to consider the adequacy of local social and service infrastructure, including public transport.

The statement in para. 94 of the consultation paper that "84% of planning applications for residential development are for schemes of 10-150 homes, which deliver 46% of new housing development each year" is not correct for London, so the reasons proposed for applying Permission in Principle do not apply.

A large amount of the land for major development in London is in Opportunity Areas (OA) described in the London Plan. The New London Plan has a Policy SD1 B 5) that boroughs should "establish the capacity for growth in OAs, taking account of the indicative capacity for homes and jobs in Table 2.1." Also, in Policy SD1 B 9) that boroughs should "ensure [OA] planning frameworks are informed by public and stakeholder engagement and collaboration at an early stage and throughout their development."

Therefore there needs to be comprehensive development management for applications to develop parts of those OAs and Permission in Principle would not be appropriate.

There are many habitats requiring protection and archaeological areas requiring special investigation in London and environmental impact assessments will be needed for some schemes in sensitive locations, even if a development would be below 150 Units. Therefore Permission in Principle would not be able to be applied for such sites or areas.

London Forum supports para. 2.10 in the Planning for the Future that "In Growth and Renewal areas, the key and accompanying text would set out suitable development uses, as well as limitations on height and/or density as relevant. These could be specified for sub-areas within each category, determined locally."

Para. 2.13 of that document adds consideration of scale and all those aspects and limitations are to be "established through the accompanying text" for each site or area.

And para. 2.13. "With the primary focus of plan-making on identifying areas for development and protection, we propose that development management policy contained in the plan would

be restricted to clear and necessary site or area-specific requirements, including broad height limits, scale and/or density limits for land included in Growth areas and Renewal areas, established through accompanying text.”

Those considerations are fully supported by London Forum and are important for schemes below 150 units, most of which are already allocated in borough plans or will be covered by the New London Plan Policy H2 for small sites, so that the principle of development will have been established.

Developments below 150 units should be subject to the Outline Planning Application process which enables these matters to be explored properly.

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.

Permission in Principle for major development would be unsuitable in London for the reasons given in answer to Q24. That is reinforced by the proposal in para. 99 not to set a limit for commercial development space. The latter should be under the control of London boroughs by the Outline Planning process in relation to London Plan policies for industrial land.

The Panel of Inspectors of the draft New London Plan (NLP) in their recommendation PR27 required changes to Policy E3F:-

“Text should be added to the reasoned justification to the effect that: Planning obligations used to secure affordable workspace should include mechanisms to ensure its timely delivery including as part of mixed use schemes where it may be appropriate to require it in advance of some or all of the residential elements.” The Mayor accepted that recommendation and amended NLP Policy E3.

He has accepted also the Inspectors’ recommendation for changes to NLP Policy E7C for the conditions to be applied locally for mixed-use or residential development proposals on Non-Designated Industrial Sites.

As a result, each London Council is best placed to plan the amount of new workspace and commercial development appropriate in any area that should be integrated with housing and its amount and phasing. Any new version of Permission in Principle, even if not applied to large developments, should recognise the NLP EiP Inspectors’ requirements for policies in London on commercial development, mixed use and industrial capacity and management.

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?

For the reasons given to Q24 and Q25, the limited application particulars listed in para. 103 would be inadequate in scope for development management of large sites in London, if Permission in Principle applied to them. The technical details consent stage would be too complex and extended in duration to deal with other matters as in the comments for Q24.

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

Such parameters should apply for applications to which Permission in Principle could reasonably apply, to ensure design compatibility with the context and character of the surroundings in accordance with para. 9, 85 a), 110 c), 122 d), 127 c) and 185 c) of the

NPPF. Those NPPF policies indicate why Permission in Principle would be unsuitable for major developments in London where tall buildings have to be carefully placed and assessed for fire safety risks and for their impact on social infrastructure and the adequacy of local transport capacity.

That is reinforced by the potential complexities described in the last sentence of para. 106 of the consultation paper.

Building heights should be determined locally as in para. 2.10 of the document Planning for the Future which London Forum supports.

Q28: Do you agree that publicity arrangements for Permission in Principle by application should be extended for large developments?

No, not in London for large developments because the process would be unsuitable, as above.

If so, should local planning authorities be:

i) required to publish a notice in a local newspaper?

ii) subject to a general requirement to publicise the application or iii) both?

iv) disagree

If you disagree, please state your reasons.

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

No. Local Authority resource costs are high in London and other cities and application fees must cover cost of determination.

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

One which meets local authority costs of handling planning applications.

Brownfield Land Registers and Permission in Principle

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.

Yes.

Additional guidance

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.

London Forum has no proposals on this.

Regulatory Impact Assessment

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.

Permission in Principle would be unsuitable as a planning and decision process for large sites in London, so no comments are offered on Q33 and Q34.

Public Sector Equality Duty

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?

That work should have been done by MHCLG before this consultation was issued in order to assess the implications of the proposals in relation to the the Equality Act 2010 which requires due regard to the need to eliminate unlawful discrimination for each of the groups the Act describes.

The Inspectors of the New London Plan required that kind of analysis to be carried out and the result was published [here](#).

Respondents to this consultation should not be expected to do such work. It will have to be done by the Government with key stakeholders before any legislation and a Planning Bill are published following the consultations on the Planning for the Future and the Changes to the Current Planning System consultations. London Forum offers assistance in that process.

The proposal for First Homes and lifting the threshold above which affordable housing obligations arise would both reduce delivery of homes affordable by low- and medium-income Londoners and those without personal or family wealth. That would be discriminatory and would adversely affect several protected groups of people.