

## Enclosure 1:

### Recommended response to 'Changes to the current planning system' MHCLG, August 2020

The government consultation 'changes to the current planning system', proposes a number of changes to the planning system, that if implemented would have significant implications.

Wokingham Borough Council strongly objects to the rhetoric of government that the planning system is the fundamental block to delivering housing. This focus is misplaced in both this consultation and the separate 'Planning for the Future' white paper which proposes wide reforms. It is settled in national legislation and policy that the planning system must be genuinely plan-led; each plan is examined against four criteria for soundness and will be tested for 'deliverability'. Therefore, the basis of each adopted plan must be sound.

Successive changes to the planning system have brought unnecessary complexity, and we agree that stripping away unnecessary complexity would be beneficial. However, the government should recognise that this complexity has been largely of its own making and a wish to circumvent local authorities and to permit housing on more land than is needed to meet commitments.

Proactive and positive local authorities, such as Wokingham Borough, have shown that high quality developments of a strategic scale can be planned for, funded and delivered alongside substantial infrastructure investment under the current system. The introduction of mechanisms such as the five year housing land supply test and the presumption in favour of sustainable development have not worked to resolve focused issues of delivery in a few areas, but have instead acted to obstruct proactive, plan-led developments through undermining public confidence in the planning system.

The real block to delivery is the development industries' appetite to build at a level which will affect house prices and their profit margins. Nor will issuing an excess of planning permissions address developer delivery strategies as they will manage construction rates to maintain price and profit margins. Simply put the developer retains control over their market. The government make no substantive proposals to unblock this real issue through incentives or penalties, and instead once again simply looks for more land in the hope that someone will build which is a manifestly ineffective strategy for the reasons stated above. All that this strategy will accomplish is to further undermine public confidence in the planning system.

Wokingham Borough Council strongly believe the government should address the real issues, and not remove reasoned, positive planning judgements and democracy.

The primary focus of our response is as set out below:

#### The standard method for assessing housing numbers in strategic plans

- The outcome of the amended standard method makes no sense – an undeliverable increase in housing in the south east and a lowering of housing in the midlands and north, sometimes to a level below what the development industry has been delivering.
- Household projections are too highly volatile at the local authority level to be one of only two factors which drive any standard method calculation without sense check and

qualification. For some local authorities, year on year calculations using the current standard method or proposed standard methods give huge variations.

- Wokingham Borough's household growth in the 2018-based projections are at odds with all past projections and those of neighbouring local authorities having been inappropriately influenced by the method applied to migration. Growth is a 40% increase compared to the 2016-based projections.
- Similarly, as affordability does not respond proportionate to the scale of housebuilding making it unsuitable to be used as one of only two factors which drive any standard method calculation.
- We request that the government must move away from the mantra of issuing excess permissions and affordability and recognise that the real block to delivery is the development industries appetite to build at a level which will affect house prices rises and their profit margins.
- The proposals certainly do not address the government's levelling up agenda which would more suitably be served by considerations of deprivation rather than affordability.
- We request that government scrap the approach of a standard method and instead introduce an alternative approach which takes into account a range of factors to establish a robust housing requirement in consultation and engagement with local authorities. Factors should include demography and affordability but also other factors such as infrastructure investment, environmental impacts, proportionality and deprivation. Household projections and affordability should not be applied without judgement being exercised. The outcome should remain in place for a period of time, and not be amended on an annual basis to enable a genuinely plan-led system.

#### Delivering First Homes

- The delivery of First Homes at the expense of affordable housing will reduce housing options for those households in greatest need.
- We request that any requirement introduced by government should be in addition to other affordable housing provision, with the mix of affordable housing tenures left to local authorities to decide based on their local needs and circumstances.

#### Supporting small and medium-sized developers

- The delivery of affordable housing is not inhibiting small and medium developers, with development plan policies having been found sound by a government appointed Inspector. There is little evidence of a material change in land values, the cost of materials, house sales prices or borrowing costs.
- We request that the government look at other means to support developers than the extremely blunt tool of the planning system which is based on the merits of the development and an assessment of impacts, not the identity of the applicant.

- We believe what is being proposed will inevitably lead to development being undertaken in lots of less than fifty homes to avoid any obligation for affordable housing.
- Indeed we would request that there should be no exception to the obligation to provide for affordable housing; the current exception of less than ten houses should be removed.

#### Extension of the Permission in Principle consent regime

- The consideration of major developments through the Permission in Principle (PiP) regime is not suitable as the minimal information requirements will rarely be enough to provide certainty and allow permission to be granted.
- An approach of upfront detailed pre-application discussion, and engagement with the community, followed by a planning application works well and delivers planning permissions (not delivery as this is down to the developer) whilst minimising risk for applicants at the earliest stage.

## The standard method for assessing housing numbers in strategic plans

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?

No.

There are two particular difficulties with the standard method:

1. The way the inputs are used; and
2. Their robustness to inform housing need and distribution.

But there is an overriding difficulty with the formula in that it by definition puts new homes where there has been recent development and it compounds that issue with an affordability argument that makes no sense. The affordability argument assumes that if the obligation on the local authority is to increase the amount of land available for development, or grant additional planning permissions, that will result in increased delivery which will consequently result in reduced prices. This very flawed argument has no basis in either empirical or logical fact. The development industry is correctly motivated by optimising the benefit for its shareholders or owners and will not reduce margins by lowering prices and overdelivering rather it will manage supply to keep prices to the highest level conceivable.

The formula will and is putting development into the South East England where there is recent history of development rather than doing what the government is seeking to achieve which is levelling-up. By definition this is putting investment into areas of deprivation. Whilst there is natural growth in households, this is roughly one tenth of one percent real change can only be made by significant central government and local authority investment in areas of significant deprivation. If a formula is retained as the approach, this should therefore allow for some natural growth multiplied by a deprivation factor.

In addition to the above, there are significant reasons to be sceptical about the suitability of the household projections with particular regards to Wokingham Borough.

The above leads to real and substantial questions as to the suitability of the standard method's approach.

It is notable that the consultation document raises no question on whether the outcome of the proposed amendment to the standard method makes sense – a quick review shows that it does not. The outcome would lead to:

- A sharp increase in new housing in the south east region which is undeliverable.
- A lower level of new housing in the midlands and northern regions, which in places is less than the amount built over recent years.

Whilst housing stock statistics are factual and based on a count, they cannot be said to be representative of housing need. Sole reference to the housing stock acts to simply reinforce the distribution of housing in line with the existing pattern of development.

There are also significant issues with using household projections. Similarly, to stock, the sole reference to projections acts to reinforce recent trends which will have been influenced by past decisions. They do not represent housing need and they do not ask the central question of where housing should be directed.

Whilst projections are a useful tool at the national scale, they are highly volatile at the level of individual local authorities where they are highly influenced by single inputs and short term trends. By way of illustration, over the 10 year period 2020-2030, the 2018-based household projections show a 40% increased growth in Wokingham Borough compared to the previous 2016-based projections. All the other Berkshire local authorities see reduced growth with Reading seeing a fall of 66% and West Berkshire District a fall of 31% (see Table 1). A similar picture presents itself in other adjoining local authorities.

Table 1: Percentage change in household growth between the 2018-based and the 2016-based household projections, 2020-2030

Local authority	% change
Bracknell Forest	-5
Reading Borough	-66
Slough Borough	-31
West Berkshire District	-47
Windsor and Maidenhead, Royal Borough of	-13
Wokingham Borough	+40

As such, both housing stock statistics and household projections do not provide, neither in themselves or together, a robust starting point from which to consider the future need and distribution of housing.

One of the reasons for volatility at an individual local authority level in the 2018-based household projections, is the application of a revised methodology to consider migration. This considers only two years of data, heightening the influence of short term trends.

The ONS publication ‘Methodology used to produce the 2018-based subnational population projections for England’ itself recognised this issue stating:

*“There is a chance that using only two years of data will create unusual averages for local authorities experiencing abnormal migration patterns over this short period.”*

Housebuilding clearly has an impact on migration. Put simply, more housing enables faster migration, whereas fewer houses act to slow migration.

Figure 1 shows the housing delivery for the Berkshire authorities in the period where migration data was used to inform the 2018-based population and household projections. It is clear that housing delivery within Wokingham Borough was substantially higher than the other local authorities. Figure 2 continues to show that housing delivery in Wokingham Borough in this period was exceptional, being three times that of previous years.

The level of building simply reflects the tail end 'payload' of the delivery profile of our four strategic development sites planned in the borough. It does not reflect any increased need for housing; it is a symptom of how strategic sites actually deliver.

Figure 1: Housing delivery 2017/18-2018/19

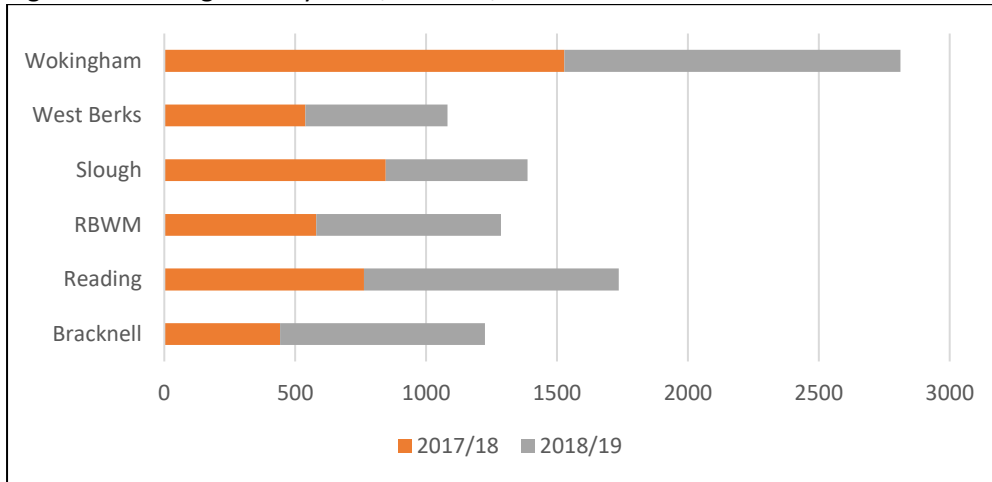


Figure 2: Housing completions in Wokingham Borough

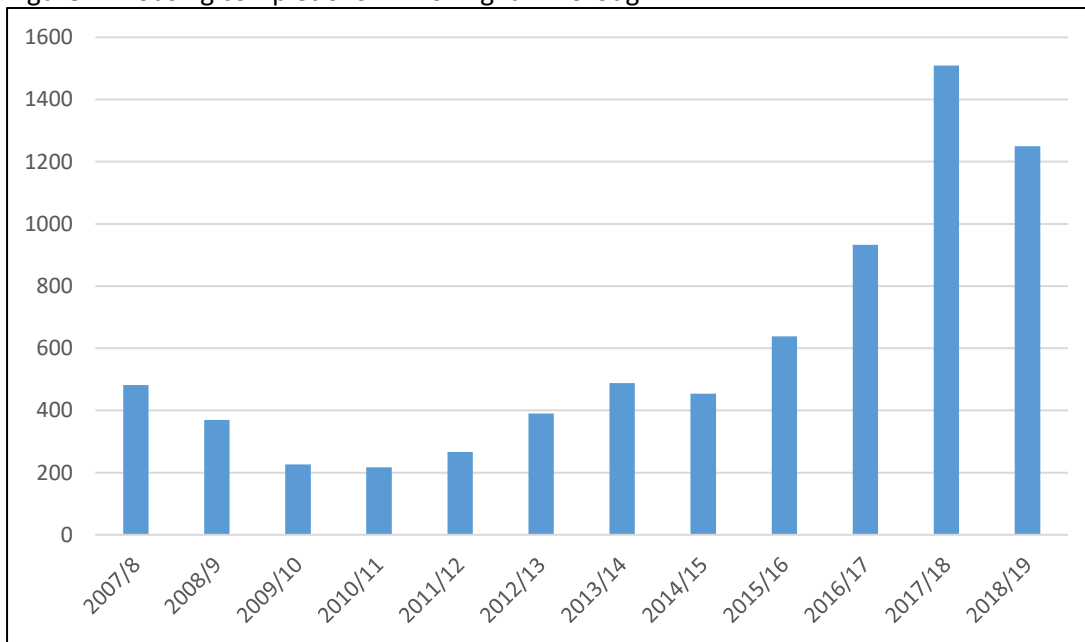
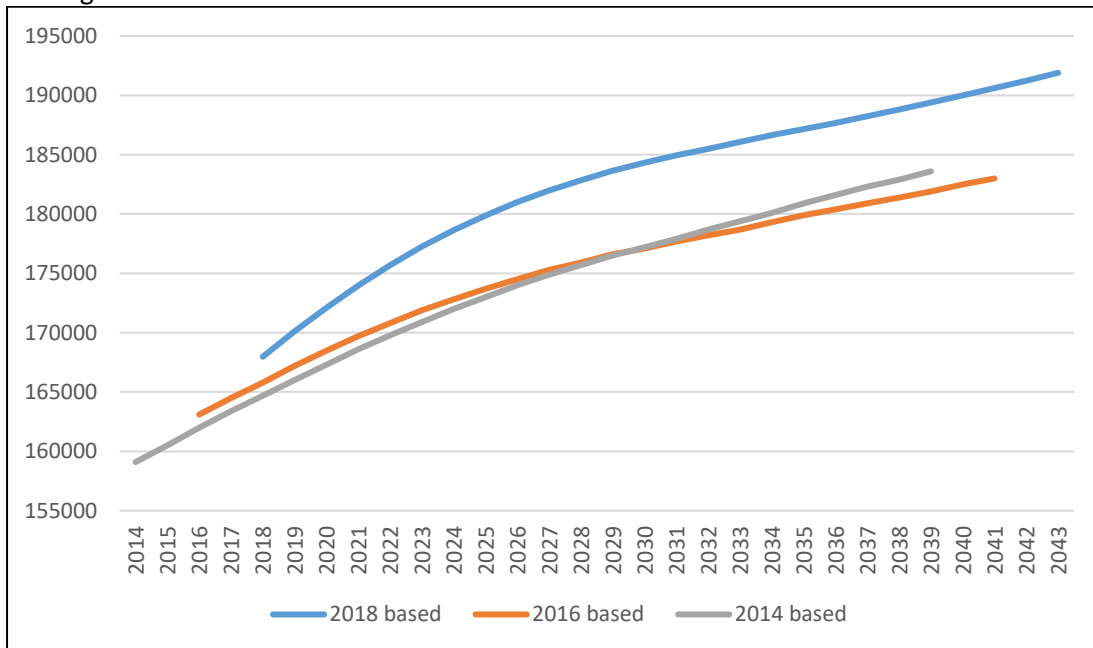


Figure 3 shows the population change projected for Wokingham Borough in the most recent projected population. It is notable that both the 2014-based and the 2016-based projections which used longer time periods to consider migration projected substantially lower household growth.

Figure 3: Population change projected by 2014, 2016 and 2018-based projections for Wokingham Borough.



Evidence of abnormal migration influencing the projections for Wokingham Borough is further evident from reviewing the principal and the 10-year Migration Variant Projection, from the 2018-based population projections and the 2018-based household projections. These are shown in Figure 4 and Figure 5.

Figure 4: 2018-based population projections - comparison between the Principal Projection and 10 Year Migration Variant Projection for Wokingham Borough.

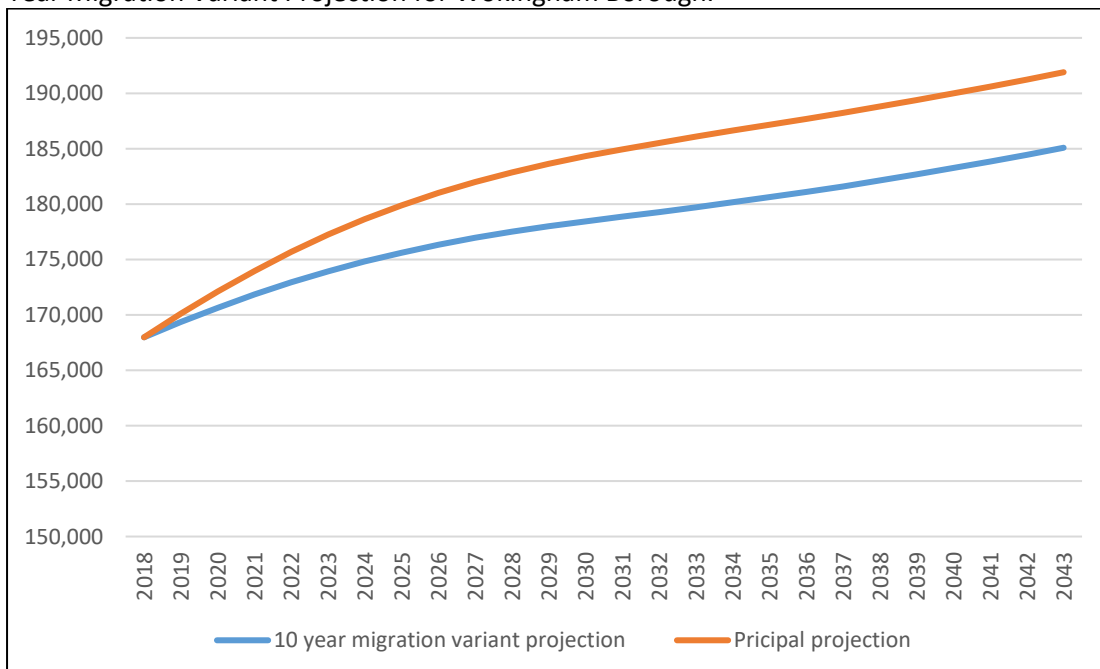
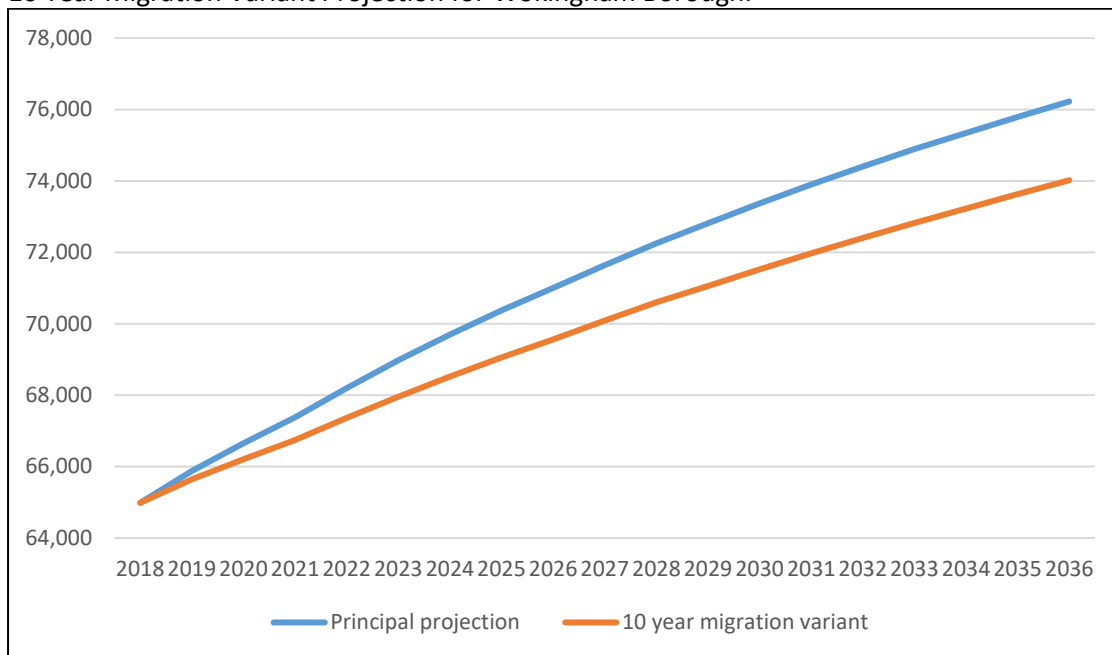


Figure 5: 2018-based household projections - comparison between the Principal Projection and the 10 Year Migration Variant Projection for Wokingham Borough.



The volatility of the household projections at the local authority level are illustrated through Figure 6, Figure 7 and Figure 8 which compare the 2018-based household principal projection with the 10 year migration variant projection for the three neighbouring local authorities in Berkshire. The difference between the projections is stark. Wokingham Borough is the only local authority where the trend of considering short term migration leads to greater household growth.

Figure 6: 2018-based household projections - comparison between the Principal Projection and the 10 Year Migration Variant Projection for Reading Borough.

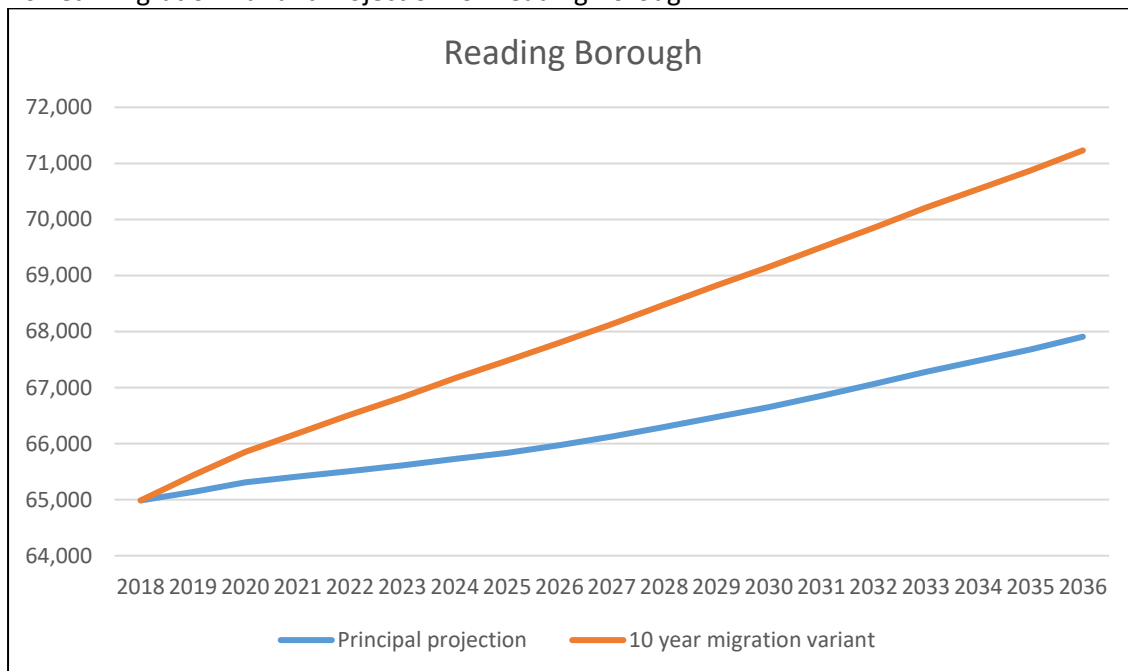




Figure 7: 2018-based household projections - comparison between the Principal Projection and the 10 Year Migration Variant Projection for West Berkshire District.

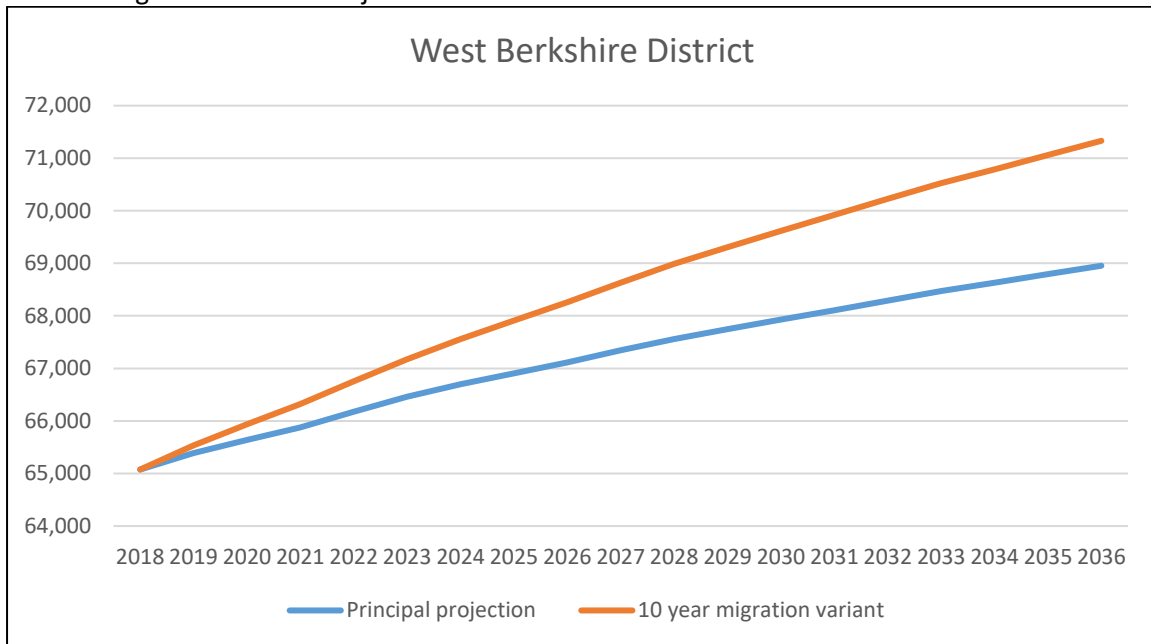
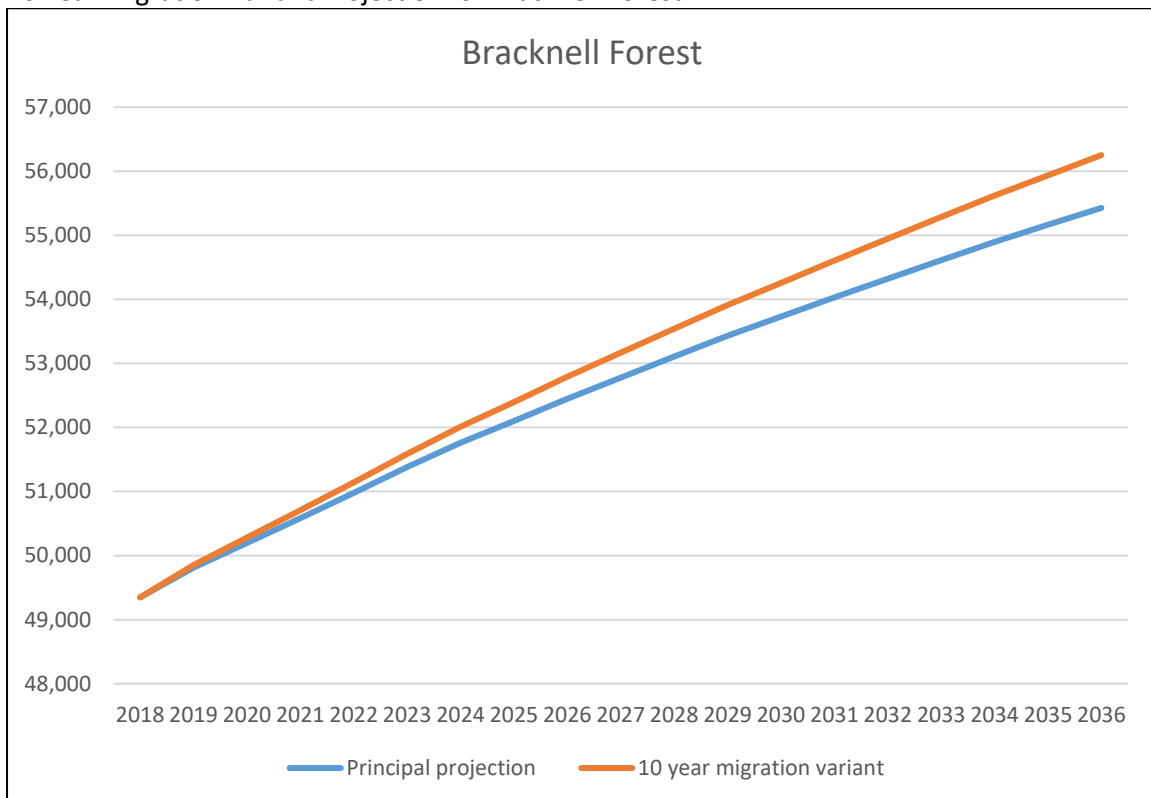


Figure 8: 2018-based household projections - comparison between the Principal Projection and the 10 Year Migration Variant Projection for Bracknell Forest.



In summary, neither housing stock statistics and household projections provide, either in themselves or together, a robust starting point from which to consider the future need and distribution of housing.

The household projections are highly volatile at the local authority level, with the 2018-based projections open to being inappropriately skewed by abnormal migration. It is clear that the exceptional level of housebuilding in Wokingham Borough has led to unjustified projections of household growth.

The Planning for the Future white paper proposes that the government will set binding housing requirements for individual local authorities. No information is provided on this process, but it is clear that binding requirements create a necessity for a robust and sound process. The standard method does not provide this.

We request that government scrap the approach of a standard method and instead introduce an alternative approach which takes into account a range of factors to establish a robust housing requirement in consultation and engagement with local authorities. Factors should include demography and affordability but also other factors such as infrastructure investment, environmental impacts, deprivation and proportionality. Household projections and affordability should not be applied without judgement being exercised. The outcome should remain in place for a period of time, and not be amended on an annual basis to enable a genuinely plan-led system.

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.

No.

Please see the answer to Q1.

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.

We disagree with:

1. The use of median affordability; and
2. The suitability of workplace-based earnings.
3. An adjustment based on the concept of affordability.

A median average is the 'middle' figure. That is, if all house sales in a year were put in order of price, the median would be the one half way through.

Affordability is more suitably considered by reference to lower quartile house prices and earnings. This reflects affordability for those who are most likely to have difficulty accessing the housing market. In addition, HM Land Registry data shows that lower quartile house prices are less impacted by the inflationary effect of new house sales on average prices.

We consider there is a strong case for considering lower-quartile affordability instead of median affordability.

Workplace-based earnings are based on where a job is registered, not where the employee lives. Consideration of earnings where an employee lives is known as residence-based earnings.

Turning to earnings data, there are clear grounds for considering residence-based earnings to be more relevant to issues of affordability than workplace-based earnings. Put simply, workplace-based earnings fail to recognise the changing nature of employment and the geographical and functional links between places.

There has been a clear upward trend in more flexible working patterns such as working from home either fully or partly. This has increased exponentially during covid-19 and can be expected to continue. This makes considering earnings by where a job is registered (workplace-based) even less relevant, to where it is actually carried out (residence-based). In addition, workplace-based earnings are not capable of taking into account the geographical and functional relationship between places such as sustainable transport links.

It is notable that the consultation document states that the government has given consideration of the relevant merits of workplace-based and residence-based earnings statistics, and concludes that the former is most appropriate, but provides no explanation on how the government reached their conclusion - a clear lack of transparency.

Despite this the affordability factor gives rise to the wrong answer. The government is seeking to level up as a policy priority, the concept of affordability by definition puts the new homes where there is little deprivation depriving the areas of deprivation from the necessary investment promised.

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.

No.

See above.

We do not see the logic of looking at affordability over an extended period in addition to current affordability. This approach seems illogical given that an area which is seen as affordable now by one part of the formula, is viewed as unaffordable by another.

We also believe that the period of 10 years is too long as it will be influenced by matters which are too distinct from the present, e.g. figures from 10 years ago are influenced by the economic downturn.

In our response to Q5, we suggest that a single affordability adjustment based on the average of a number of years is more logical.

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

No.

There are two particular difficulties with the weight given to affordability in the standard method:

1. That affordability does not respond proportionately to the scale of house building; and
2. The double adjustment for affordability within the formula.

Both the existing and the proposed standard method utilise affordability as the sole factor to adjust the baseline input to calculate the minimum number of homes required to be planned for by each local authority. Put simply, the government's logic is that building a greater number of homes improves affordability, and that building fewer homes makes it worse. This logic is however demonstrably flawed.

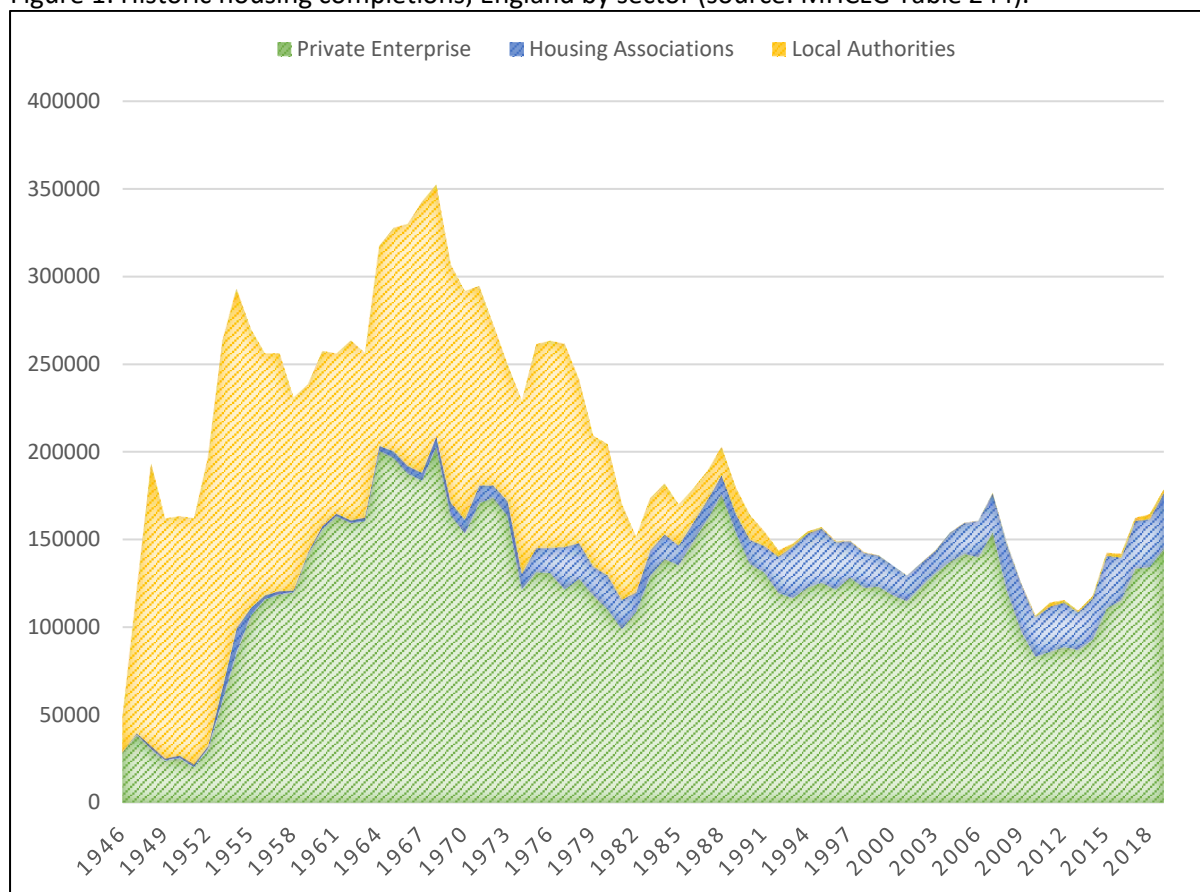
It is clear from HM Land Registry data that greater levels of house building have not acted to stabilise or reduce house prices. Data shows no material variation between local authorities that have just met their housing requirements compared to local authorities that have under-delivered or others that have significantly exceeded it. Whilst house building will have some impact, it is clear that house prices and affordability are influenced by a range of factors (as indicated above in respect of developers business strategies to manage house prices and profit margins).

It is also clear from HM Land Registry data that the scale and price of new houses has in fact driven up the median average house price. It is a widely accepted fact that a market premium is placed on the price of new homes when compared to the equivalent older house. Substantially greater levels of building can materially inflate the median house prices, and therefore result in a headline of worsening affordability.

Whilst we support everyone having access to a suitable and affordable home, it is clear that affordability cannot be addressed simply through building more even if this were to occur, which it does not. The government must move away from this mantra and consider real and workable ways to address the need for homes. This means recognising that the development industry have no duty to build and that they act rationally in the interests of their shareholders. Developers will not build less expensive housing where this harms profits; nor will they accelerate delivery for the same reason. This is evidenced by the number of unimplemented permissions. The government should focus on delivering innovative housing products through local authorities or other agencies.

Since 1979, regardless of the volume of planning permissions, developers have been producing broadly similar supply. There is little evidence that increasing land supply increases the number of private sector completions. House building is lower currently due to the absence of delivery through local authority initiatives.

Figure 1: Historic housing completions, England by sector (source: MHCLG Table 244).



For the above reasons, we request that government scrap the approach of a standard method and instead introduce an alternative approach which takes into account a range of factors to establish a robust housing requirement in consultation and engagement with local authorities. Factors should include demography and affordability but also other factors such as infrastructure investment, deprivation, environmental impacts and proportionality. Household projections and affordability should not be applied without judgement being exercised. The outcome should remain in place for a period of time, and not be amended on an annual basis to enable a genuinely plan-led system.

We are also concerned by the double adjustment in the proposed formula which sees both an adjustment for a change in affordability over a 10 year period added to an adjustment for current affordability.

We believe this double adjustment gives affordability a disproportionately significant role. It is also illogical given that an area which is seen as affordable now by one part of the formula, is viewed as unaffordable by another.

Whilst we object to the standard method in principle, if an adjustment is retained, it should be a single affordability adjustment based on the average of number of years.

To demonstrate this, the affordability adjustment factor that would apply to Wokingham Borough under the amended standard method calculates as 2.43. This is made up from:

- Current affordability adjustment = 0.45.
- Change in affordability adjustment = 0.99.
- Plus 1
- Total = 2.43 (rounded)

In the case of Wokingham Borough, the formula therefore places more than twice as much weight on past changes in affordability as current affordability. This will mean that the housing need of one authority may be very significantly higher than another authority even where affordability is currently the same.

As stated above, if an affordability adjustment is to be retained, it should be a single affordability adjustment based on the average of number of years, rather than a double adjustment. If the government still considers that it is necessary to give affordability greater weight within the calculation, this can be achieved in a more equitable manner by simply applying a greater mathematical weighting to the affordability adjustment, perhaps by using an alternative multiplier to 0.25.

We have long recognised the difficulty of using single year figures as inappropriate, and support the principle looking at changes to affordability over a period of time. This assists in levelling out single year deviations, improving consistency. Notwithstanding our support in principle, the proposed period of 10 years is considered too longer time period. We consider that a period of 4 or 5 years to be more appropriate.

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?

No.

It is surprising and worrying that the consultation document makes no reference to whether the changed method is to be applied with immediate effect to calculations of the deliverable housing land supply (i.e. the five year housing land supply) and associated impacts on whether adopted development plan policy is up-to-date and the presumption in favour of sustainable development.

It is clear the implications of the amended standard method for many local authorities would be to move them from a position of being able to demonstrate a deliverable housing land supply, to one where they cannot.

If we are to retain a genuinely plan-led system, changes which have such significant implications for residents should not occur over night and be instead subject to suitable transitional arrangements where local authorities have opportunity to put plans in place through democratic processes.

The proposed transitional arrangements regarding plan making are welcome, however the limited period will mean that many plan processes will be interrupted and be required to undertake significant change leading to delay.

## Delivering 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)

iii) Other.

In Wokingham Borough Council's response to the government's previous consultation regarding First Homes we highlighted our view that the introduction of this new form of tenure should, if anything, be in addition to currently secured levels of affordable housing provision rather than in place of as proposed. Whilst we recognise First Homes will potentially meet the housing needs of a sector of our residents, requiring a minimum of 25% of any affordable housing provision to be met through First Homes will have the impact of reducing the housing options for those households in greatest need. It is our firm view that it should be for local authorities to set out the affordable housing tenure expectations that best meet the needs in their local areas. It is at local level that assessments of needs have been carried out, which should inform these expectations.

However, if the above 25% policy is enacted then our view is that the decision on the affordable housing tenure mix for the remaining 75% should sit with the local authority in line with the principle outlined above.

As referenced above, we feel that the overall target ratios for the various affordable housing tenures should be set in the Local Plan or subsequent Supplementary Planning Documents (taking into account any First Homes requirement), but that the detail of the final mix should continue to be considered by the local authority on a site by site basis taking into account local factors and issues. That final mix should also be developed in discussions with the developers and/or land owners. This has proved a very successful approach in Wokingham Borough resulting in one of the highest levels of affordable housing provision for our size in the country and are concerned any reduction in local decision making may result in a reduction in appropriate provision for local households in housing need.

Wokingham Borough Council is particularly concerned with the proposal that national policy specify that 25% of off-site financial contributions should be spent on First Homes. This goes further than existing policy on affordable home ownership, which contains no such explicit requirement. Priorities are best assessed by the local authority.

This would mean that with the First Home Contribution and the Parish Council contribution, only 50% of developer contributions would be for much needed infrastructure.



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.

#### Question 9

Yes.

Wokingham Borough Council agree that all the existing exemptions from the requirement for affordable home ownership products should apply to any First Homes requirement and that no further exemptions are needed.

#### Question 10

No. Please see answer to Question 9.

#### Question 11

No additional exemptions are required, as long as the wording “unless this would ... significantly prejudice the ability to meet the identified affordable housing needs of specific groups” (paragraph 64) is retained. Loss of this wording would unacceptably limit local flexibility, and may result in the need for further exemptions to be established.

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

No.

In principle Wokingham Borough Council agree that there should be transitional arrangements that give local authorities the option but not requirement to review the tenure mix of any schemes where advice had already been given on the mix required to meet local needs. If the local authority decides that the previous requested tenure mix remains appropriate for the scheme then it should be progressed under those terms, reducing any risk of delays in delivery.

If the First Homes 25% requirement is introduced, then we would also agree that a transitional period is required to enable local authorities to review and amend the tenure ratios set out in their existing Local Plans.

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

No.

Wokingham Borough Council agree that there should be local discretion on the level of discount from market price at which First Homes are sold – up to 50% in areas of high property prices and where there are significant challenges around affordability.

In Wokingham Borough, whilst we recognise that a 30% discount off market price will open up the opportunity to a number of our residents, we feel that the high local property prices will still mean that First Homes remain unaffordable for the vast majority of households in housing need.

Requiring 25% of all affordable housing provided to be First Homes sold at 30% discount will significantly impact on our ability to meet our local housing need. However, by increasing the discount to 50% it will open up the opportunity to a slightly larger number of households and better complement our own more affordable local shared ownership scheme (35% equity with rents set at 1.5% of unsold equity).

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.

Wokingham Borough Council do not agree with the proposal that any affordable housing delivered on Entry Level Exception Sites should, by default, be First Homes with the opportunity to provide a small proportion of other affordable tenures. Any decision on the most appropriate affordable housing tenure for those sites should be made at local authority level based on local need and affordability – with First Homes as one of the options for consideration.

We would however agree with the option of providing a small proportion of market housing, in exceptional circumstances, to ensure the overall viability of the site. It should be for the applicant to demonstrate why this is necessary on a case-by-case basis, and based on viability considerations only.

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

No.

Wokingham Borough Council objects to the removal of the site size threshold. The removal of a threshold limit could allow for substantial developments to come forward without any reference to most local plan policy, since exception sites are only required to reference policy in the NPPF or local design policies. This could significantly undermine the adopted local plan and the plan-led approach to development set out in national legislation and guidance.

Wokingham Borough Council has experience of developers arguing that any development outside of settlements shows adopted policy to be out-of-date. This is regardless of whether the housing was justified by specific needs that are not replicated elsewhere or other factors. If the threshold is removed, national policy and guidance must expressly state that exception schemes cannot reduce the weight given to policies in the development plan.

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

Yes. Wokingham Borough Council agrees that exception sites policy should not apply in designated rural areas.

## Supporting small and medium-sized developers

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?

### Question 17

No.

Wokingham Borough Council strongly objects to the proposal to raise the threshold at which contributions to affordable housing can be sought, particularly given the government's emphasis on the need to address affordability elsewhere in this consultation proposal.

We strongly adhere to the principle that national policy should not prevent local authorities from seeking contributions to affordable housing for any size of site if it can be justified by evidence. As we have evidenced in Wokingham Borough over recent years it is possible, with clear and robust locally agreed policies and thresholds, to deliver significant numbers of affordable housing on small and medium sized sites without restricting the ability of developers to build housing.

There remains an overwhelming need for affordable housing in many areas. Indeed, the Secretary of State is himself on record in his decisions on appealed developments as placing significant weight on the provision of affordable housing. Further, the government in the recent updates to the National Planning Policy Statement has amended the definition of affordable housing so that it incorporates households that are able to rent suitable housing in the private sector but are unable to access home ownership.

The move to reduce the potential supply of affordable housing is not justified by the current economic position, where provision will continue to be viable and deliverable. Reducing the flow of new affordable homes in this circumstance will also further accelerate the housebuilding targets unnecessarily.

The most recent assessment of affordable housing calculated that 403 homes per annum in Wokingham Borough should be affordable. This equates to around half of the total local housing need. This need will not reduce due to the impact of covid-19.

Securing affordable housing is already being made substantially more difficult through the planning system by the continued expansion of permitted development rights that do not allow for affordable housing to be secured. In that context, a 7-20% reduction in affordable housing as estimated in paragraph 77 of the consultation document (and which in any case presumably does not take account of new permitted development rights) is not acceptable. Raising the threshold for provision of affordable housing may in the short-term provide a financial boost to some developers, but it would prioritise those development interests over the needs of the many who require affordable housing.

In any case, local planning policies generally allow for viability to be considered at the planning application stage in exceptional circumstances. Where a site is unviable, a local authority may upon suitable evidence accept a lower contribution to affordable housing or less infrastructure payments. This is current and normal practice. Furthermore, by the time developments come to be built, the economy may well have recovered in any case, but a blanket threshold approach prevents mechanisms being built into Section 106 agreements to secure contributions where viability improves.

A mechanism would also be required to ensure that large companies cannot set up subsidiary companies to avoid any thresholds in policy. The practice of establishing subsidiary companies or different development companies within one larger organisation is commonly used for single development sites or developments within specific areas.

In short, the proposed blanket approach to an issue that can be considered locally and on a case-by-case basis is unjustified and disproportionate. It would unnecessarily reduce affordable housing provision and drive the need for more housebuilding unnecessarily.

#### Question 18

Other.

As stated in response to Q17, Wokingham Borough Council strongly objects to the proposal to raise the threshold at which contributions to affordable housing can be sought. We strongly adhere to the principle that national policy should not prevent local authorities from seeking contributions to affordable housing for any size of site if it can be justified by evidence.

A mechanism would be required to ensure that the subsidiary companies or putting a development site into lots of less than fifty could not abuse any thresholds in policy. The practice of subsidiary companies is commonly used for single development sites or developments within specific areas.

#### Question 19

No.

As stated in response to Q17, Wokingham Borough Council strongly objects to the proposal to raise the threshold at which contributions to affordable housing can be sought. We strongly adhere to the principle that national policy should not prevent local authorities from seeking contributions to affordable housing for any size of site if it can be justified by evidence.

A mechanism would be required to ensure that the subsidiary companies or putting a development site into lots of less than fifty could not abuse any thresholds in policy. The practice of subsidiary companies is commonly used for single development sites or developments within specific areas.

If a site size threshold is to be introduced alongside a threshold of number of dwellings, it should be made clear that it only applies where the dwelling number threshold is not already exceeded. It is not clear from the consultation document that this would be the case, but this is the way that the current 'major' development threshold is applied.

#### Question 20

No.

As stated in response to Q17, Wokingham Borough Council strongly objects to the proposal to raise the threshold at which contributions to affordable housing can be sought. We strongly adhere to the principle that national policy should not prevent local authorities from seeking contributions to affordable housing for any size of site if it can be justified by evidence.

However, if it is to be introduced for a time limited period of 18 months, it should come with a clear presumption that the threshold will expire automatically after 18 months unless there are clear recovery-related reasons for extending it. Such an extension should be subject to further consultation and clearly based on relevant evidence. Ideally, the criteria for considering whether it should be extended should be available at the point that the initial threshold is introduced. There is certainly a perception that changes to the planning system are not always based on relevant evidence, as the recent expansion of permitted development rights on the same day as publication of a report highlighting the poor accommodation created by such rights demonstrates. It would therefore be very welcome if changes to the system could be linked more effectively to the evidence justifying those changes – as is expected of local authorities in plan-making.

#### Question 21

No.

As stated in response to Q17, Wokingham Borough Council strongly objects to the proposal to raise the threshold at which contributions to affordable housing can be sought. We strongly adhere to the principle that national policy should not prevent local authorities from seeking contributions to affordable housing for any size of site if it can be justified by evidence.

It is agreed that, where a threshold exists, there should be measures to minimise the effects of this threshold by preventing sites from being artificially divided. The consultation does not specify what this proposed approach to minimising effects is, and it is not therefore possible to state whether or not we agree.

In addition to artificially sub-dividing sites a mechanism would also be required to ensure that the subsidiary companies could not abuse any threshold. The practice of subsidiary companies is commonly used for single development sites or developments within specific areas.

In our experience, the most frequent effect of an affordable housing threshold is not the subdivision of sites but the artificial lowering of the number of dwellings on a site. For many years, while national policy set a threshold of 15 dwellings, many local authorities saw a disproportionate

number of sites proposed for 14 dwellings. A threshold therefore had the effect of reducing overall housing delivery.

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

No.

Wokingham Borough Council see no logical reason to draw such a distinction from urban and rural areas.

The consultation document states that rural local authorities secure a greater proportion of their housing supply as affordable housing compared to urban local authorities. Whilst no analysis of what might be driving this has been provided as part of the consultation, it is likely this is assisted by the readily available option of a lower threshold for requiring a contribution towards affordable housing.

We believe that there should be no artificial distinction between urban and rural parishes and that in both instances the local authority should have the ability to set suitable thresholds for any size if it can be justified by evidence. No other approach makes sense, particularly given the government emphasis on the need to address affordability elsewhere in this consultation proposal.

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

The planning system should not be the only, or the main, means to support SME builders. The government has many means at its disposal to support specific sectors and groups of businesses, particularly the tax system. The use of the planning system is an extremely blunt tool given that it is based on the merits of the proposal not the identity of the applicant.

## Extension of the Permission in Principle consent regime

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

No.

In Wokingham Borough Council's experience, Permission in Principle (PiP) rarely offers any clear advantages over a more traditional routes to development, such as outline and reserved matters, or pre-application advice followed by a full application.

Further, due to the minimal information required by PiP, an applicant may in fact have to reduce the development capacity of the site to provide sufficient confidence of that impacts will be acceptable. This is because, for some sites, a higher level of development can only be justified with much more substantial evidence by a different application route.

Experience shows it is rarely possible to divorce consideration of the principle of land use and amount of development, from detailed consideration of some of the key issues which will include contamination, flood risk, biodiversity, transport impacts, character and heritage. This will increasingly be the case if PiP is to be expanded to cover major development.

A grant of PiP does not, in practice, appear to confer much more certainty on a development than other, already available routes.

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.

Yes.

In response to Q24, Wokingham Borough Council objects to extending Permission in Principle (PiP) to major developments.

Notwithstanding, should the government's proposal stand, it would seem reasonable to establish guidelines on the level of commercial development that could be considered through PiP. We would suggest this is best done as a proportion of the total development, rather than a floorspace threshold, so responding to different scales of development.

As larger scale mixed use developments are more likely to have impacts beyond the immediate locality of the site which will require testing, for example retail impacts, it is suggested that the proportion should be around 20-25% of the total development.



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?

No.

In response to Q24, Wokingham Borough Council objects to extending Permission in Principle (PiP) to major developments.

The minimal information submitted at PiP stage will very rarely be sufficient to establish the principle of the location, land use and amount of development. Larger scale developments are more likely to have impacts beyond the immediate locality of the site which will require testing, underlines why it does not make sense to extend PiP to major developments.

If the amount of information to be submitted at PiP stage were to be extended, the 5-week timescale would not be sufficient to assess it, particularly for major development, as demonstrated by the timescales for determination of major and EIA impacted planning applications. Additionally, the existing 2-week period for consultation is also likely to be insufficient.

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

No.

In response to Q24, Wokingham Borough Council objects to extending Permission in Principle (PiP) to major developments.

The minimal information submitted at PiP stage will very rarely be sufficient to establish the principle of the location, land use and amount of development.

The issue of height illustrates the difficulties with using the PiP process. Height is often a key factor in the consideration of the principle of development in established built-up areas. Height is also a key determinate of the amount of development that can be achieved on a site. Sensitivities of height include impacts on the historic environments, townscape and landscape, air traffic impacts, climate (including energy efficiency) and daylight. For many sites, the principle of the development cannot be divorced from consideration of height. Therefore, on the face of it, height should indeed be considered at PiP stage rather than Technical Details.

However, if height is to be included at a PiP stage for which the five-week timescale is unchanged, this causes an issue in that it is unlikely to be practicable to deal with height in this timescale. This is because acceptable height is likely to depend on daylight and sunlight assessments and potentially wind effects, as well as on assessment of impacts on any nearby heritage assets and local townscape, and will also be subject to considerable representations during public consultation which would expect to be informed by those assessments. Without these assessments at PiP stage, it is unlikely to be possible to determine that a certain height is acceptable in principle.

Wokingham Borough Council therefore considers that the issue of height demonstrates why PiP should not be extended to major developments.

Q28: Do you agree that publicity arrangements for Permission in Principle by application should be extended for large developments? If so, should local planning authorities be:

- i) required to publish a notice in a local newspaper?
- ii) subject to a general requirement to publicise the application or
- iii) both?
- iv) disagree

If you disagree, please state your reasons.

Wokingham Borough Council would support option ii).

Advertising in local newspapers is expensive and in our experience rarely represent value for money as a Public Notice is rarely the way the public expect to receive notification of a forthcoming development. However, otherwise, the consultation requirements for a major PiP application should mirror the consultation requirements for a major 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?

No.

Whilst this approach would reflect the outline application fee arrangements, a flat fee based on hectare is highly unlikely to reflect the complexity of consideration of a proposal. A flat fee may well fall significantly short of covering the costs of assessing the application.

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

Current Permission in Principle (PiP) fees are slightly below the equivalent outline planning application fee for a similarly sized site. A similar approach to major applications may be most appropriate if PiP is to be expanded.

The fee should avoid creating a significant incentive for using a PiP route rather than outline where an outline application may well be the most appropriate approach.

It is worth noting that applicants are already abusing the outline system by submitting the vast majority of information at the outline application stage where the fee is substantially lower, rather than submitting information at the reserved matters planning stage.

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. Wokingham Borough Council agrees with this proposal as it is a logical progression.

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.

Guidance is not the issue.

The issue with Permission in Principle (PiP) is that the information at application stage to justify the location, land use and amount of development will be lacking for more complex or sensitive sites. Due to the minimal information required by PiP, an applicant may have to reduce the development capacity of the site to provide sufficient confidence of that impacts will be acceptable. Extending PiP to major developments will simply increase this likelihood.

National guidance will not resolve this issue, unless it expands upon the minimum requirements for submission, for instance, at least desk-based analysis of the relevant issues, which will determine whether a site can actually be used for the proposed use (including: - flooding, ground stability, noise, smell and contamination), in which case timescales for consideration would need to be extended.

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

To a large extent this depends on the level of information required, the timescales for determination and the application fee, all of which are matters that are not yet determined.

Without significantly greater information requirements for major applications for Permission in Principle (PiP), it will often simply not be possible to agree to the principle of development.

A five week timescale is insufficient to assess those information requirements for major schemes, the application fee also needs to reflect the costs of assessing this information.

In our experience, PiP rarely offers any clear advantages over a more traditional routes to development, such as outline and reserved matters, or pre-application advice followed by a full application.

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

In Wokingham Borough Council's experience, Permission in Principle (PiP) rarely offers any clear advantages over a more traditional routes to development, such as outline and reserved matters, or pre-application advice followed by a full application.

Although the relative newness of PiP may play a role in this, in our view this reflects the degree to which the purpose of PiP when compared to other application routes is not clear. It is still not clear what gap PiP is intended to fill.

An approach with upfront detailed pre-application discussion, and engagement with the community, followed by a planning application works well and delivers planning permissions (not delivery as this is down to the developer) whilst minimising risk for applicants at the earliest stage. Therefore, PiP provides no particular advantage currently, nor would the proposed expansion of PiP to major developments.

If PiP were set at a significantly lower fee than an outline application, it is possible that more applicants might choose that route. However, given the minimal information required, it is unlikely that it will often be possible to grant PiP in most cases, which will only serve to place more costs on the applicant and lead to further delays.

## 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?

Reductions in the ability to secure affordable housing, and influence the type of affordable housing secured, will disproportionately impact on those who have a disability. As this community is already extremely difficult to secure affordable housing for.

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