

## **1. Introduction and summary**

- 1.1 CPRE believes that planning is crucial to empowering local communities and making sustainable, liveable places. Ensuring everyone has a decent home, that meets their needs and that they can afford, is essential to that, both in town and country. Equally, it is vital that new development is planned intelligently; our countryside is precious and fragile and urgently needs better management in the face of the climate and nature emergencies. Critical to this is that land is not lost to development unnecessarily. More new homes are undeniably needed, and there is plenty of scope to use previously developed urban land to help address this need.
- 1.2 CPRE, formed in 1926, is one of the longest established participants in the English planning system. Our network of county, district and regional groups get involved in local plans and key neighbourhood plans and planning applications of relevance to our charitable work. This is a single overall organisational response reflecting extensive input from our local network.
- 1.3 Our response concentrates on assessing how we believe the proposals will help or hinder these objectives. Sadly, it is our view that they will mainly hinder them, principally through their reliance on centralised prescription and formulae instead of on judgement and local evidence. They will prevent local authorities and local communities from establishing appropriate quantities and types of housing provision that are relevant to localities. They will undermine the 'levelling up' agenda, and will place huge new development pressures on rural areas, especially where demand is highest and landscapes are most sensitive – the 'worst of both worlds' in terms of the environment and of place-making. They will increase the complexity of the process through the additional consenting regime of Permission in Principle. And they will do precious little to provide homes for the people who really need them at prices they can afford.
- 1.4 Unfortunately the consultation itself is symptomatic of Government's apparent reluctance for meaningful input. It asks respondents to comment on a wide range of specific details, but doesn't consult on the policy principles that underpin the proposals, despite these being often the most important points people will wish to address.
- 1.5 Our response is set in the context of three crucial pieces of evidence which the proposals overlook.
  - There are currently 1 million homes' worth of unbuilt planning permissions in England and at least a further 500,000 plots of previously developed (brownfield) land identified locally as suitable and available for development. This is a product of a system since 2012 that has prioritised the pursuit of numerical targets for housing requirement and housing land supply over any realistic trajectory for what can be delivered. This is exacerbated by the huge financial incentive to landowners simply to gain outline planning permission, which is why land market reform is crucial. In any

case there is already enough land in the system to meet the Government's target for 300,000 new houses a year for the duration of this Parliament.

- The resulting haste from this numbers game has had a catastrophic effect on the ability of brownfield land to contribute to housing land supply in Local Plans. CPRE's State of Brownfield 2019 report has shown that there is brownfield capacity for over 1 million homes, and as mentioned above at least 500,000 of these are in addition to those sites which already have planning permission. An approach to development that focuses on brownfield first would help to deliver homes where people really need them; closer to services, workplaces, public transport and shops. This would help us to protect and enhance the green spaces that are crucial for tackling the climate emergency, and safeguarding the countryside next door to large urban areas that's so essential for our wellbeing. And government planning policies are a vital part of this: when done well, they can play a huge role in rejuvenating our high streets, towns and cities, and help make for liveable places that communities feel proud to call home.
- Recent research by Heriot Watt University identified a need for 145,000 genuinely affordable homes per year. These homes must be made available in perpetuity, irrespective of tenure, at a price that is within reach of those who need them. That does not rule out subsidised ownership as part of the solution, but it does mean that a substantial increase is needed in provision of homes for those who cannot, or do not, wish to buy.

1.6 Taken together, these three pieces of evidence plainly illustrate that providing genuine affordability, harnessing brownfield capacity, and curbing the run-away oversupply of permissions relative to build rates, are the key interventions which will create sustainable, liveable places, meet housing needs and avoid the wasteful dispersal of new development into car-dependent, infrastructure-hungry greenfield locations. In the context of the climate and biodiversity emergencies, to plan for housing in a way that does not simultaneously plan for net-zero carbon, climate resilience and ecosystem restoration would be a deeply flawed approach. The proposals appear to pursue housing supply in isolation from these other imperatives, and by doing so risks further reinforcing unsustainable patterns of development.

1.7 Therefore the multiple dimensions of housing need cannot be addressed simplistically, by just releasing more land through the planning system. A better understanding is needed of the type, size and price of the housing that will be delivered, and how new development links to other public policy objectives (such as for education and health) that affect places and how they function. Lack of access to existing stock, demographic changes and the quality, suitability and affordability of homes to those people who need them, are all crucial issues. New-build must be considered alongside measures to tackle empty homes, second homes, urban remodelling and access to finance, as a suite of complementary interventions. Local authorities and local housing providers are key partners in this, and they are not well-served by standardised, centralised policy tools.

- 1.8 **CPRE’s position is that both the ‘Changes to the Planning System’ consultation and the parallel ‘Planning for the Future’ consultation fail to address a vital missing ingredient in the planning system: the ability of local authorities to plan strategically in conjunction with their neighbours across appropriate physical and economic geographies.** This is the scale at which the balance between urban regeneration and landscape protection, between areas of high and low housing demand, and between built development and ecosystem restoration, can often be best tackled. It may be that Combined Authorities and devolved planning powers will offer opportunities to address this, but the changes proposed now appear to pull the rug from under those opportunities before they have begun. Those bodies, and their constituent local authorities, must be empowered to plan for the amount, distribution and tenure mix of housing that is needed.
- 1.9 Changes to the planning system should be clearly focused on these objectives. In contrast, the proposed changes go in the wrong direction, are ill-conceived and are impossible for us to support.

## 2. Consultation Questions 1 and 2: Use of Existing Stock Levels

Question 1: No. Question 2: No

- 2.1 CPRE does not agree with the proposed approach, for the reasons set out below.
- 2.2 Para 41 states that the new method will produce an urban focus that will *“make the most of our transport hubs, support the objectives of brownfield first and gently densifying urban areas, including building upwards where appropriate.”* We cannot accept this leap of logic, because:
- It is not realistic for a nationally-based, mathematical formula to generate these outcomes, which can only be determined and pursued using local knowledge;
  - Objectives of brownfield-first and densification will only contribute meaningfully to housing supply if the provisions for land assembly are reformed, because otherwise the pressure to allocate sufficient land that is developable within the target period will lead directly to a huge shift towards peripheral greenfield sites.
- 2.3 The proposed approach is not soundly-based in terms of Government’s stated policy outcomes, particularly the ‘levelling up’ agenda. We agree that new homes achieve different outcomes in different places, as para 19 outlines. However, to achieve this, there must be a much finer-grained and spatially targeted approach to meeting housing need, with a more explicit, fairer and more transparent programme of public sector investment to back it. A nationally prescribed housing figure, and a single Use Class for residential uses (without differentiating type or tenure), conspire together to mask such differences and make it harder to address them. That is one of the reasons why local authority planning is so important.

- 2.4 The proposed new standard method brazenly abandons an evidence-based approach to determining housing need. It takes three entirely separate baselines – existing stock levels, household projections and affordability ratios, and generates a pick-and-mix formula from them to produce a national figure of 300,000 or 337,000 homes per year. No consideration is given to whether, or for how long, the headline national figure will retain any credibility in the face of changing circumstances.
- 2.5 By doing this, the proposals set up contradictions which undermine the baseline data itself. In particular, the household projections are said to be a robust predictor of future growth trends, but if they don't add up to 300,000 homes per year then they are dismissed as not robust.
- 2.6 The Government has a high-level commitment to support the levelling up of the UK economy. Yet the methodology pushes the highest rates of growth to where existing demand is highest, will directly undermine efforts for levelling up. The proposed approach to tackling affordability relies on private sector housebuilders to build so many additional homes that the price of their products falls, even though this is self-evidently incompatible with their business model.
- 2.7 Para 7 sets out that NPPF policy *“encourages local authorities to then consider how [housing numbers] can best be accommodated – through a combination of intensification and densification of brownfield land, regeneration of former commercial sites and under-used sites such as car parks, through well-planned new settlements and urban expansions.”* These are all valid locational preferences for housing, subject to the new homes being sustainable located and planned. But the approach is at odds with the requirement described in para 8(c) to *“seek as a minimum to meet those needs by ensuring that sufficient land can be released over at least the next 15 years”*.
- 2.8 This is because much of the brownfield and under-used land in question has been discounted as a source of supply in the foreseeable future, principally because of a lack of mechanisms to bring it forward in a timely fashion. The requirement to show a 15-year trajectory of available, developable land tends to rule out sites that are currently in another use (even car parks) and therefore sets up a predominantly greenfield pattern of site allocations. And the higher the housing number, the harder it is to pursue brownfield and under-used land for supply, leading to greater pressure on greenfield sites. So the land supply requirements work directly against NPPF's policy for making effective re-use of land. We give some further examples of the potential impacts at the local level at paragraph 2.18 below.
- 2.9 Para 10 goes on to state the importance of land supply not becoming *“a limiter in achieving national supply aspirations”*. But currently, it isn't – there are unbuilt permissions for 1 million homes already, according to Government data analysed by the Local Government Association. (<https://www.theplanner.co.uk/news/research-more-than-a-million-approved-homes-not-built>) We also note that in 2016 there were half a million unbuilt permissions (<https://www.theconstructionindex.co.uk/news/view/half-a->

[million-unbuilt-homes-industry-reacts](#)) so this number has doubled in four years. In addition local authorities are identifying brownfield sites that are available and suitable for development through brownfield land registers. CPRE's State of Brownfield 2019 report shows that brownfield land could provide at least a further 540,000 homes on top of the 535,000 or so units on brownfield sites that already have some form of planning permission. Between them, then, sites with planning permission and other brownfield sites already provide enough land to meet the Government's 300,000 homes a year target throughout the current Parliament. It may be the case that in some specific locations there is a land supply constraint, but that is not evidenced here, and at a national scale the evidence simply does not support the assertion.

- 2.10 If the Government wants to meet its target of 300,000 houses per year then it needs to give more priority to supporting the development of sites that are already in the system. Measures to address this should include more widely available targeted support for particularly difficult brownfield sites as well as penalties for developers who fail to meet local land supply policies. Sir Oliver Letwin's Review of Build Out in October 2018 made clear recommendations as to how to address these and other issues, and we are baffled as to why the Government continues to drag its feet in implementing these recommendations.
- 2.11 In theory we would welcome a system that is *"more agile in using up-to-date data"*, as para 14(a) suggests. However, it is startling that, having set a policy ambition for 300,000 homes per year, it has now spent several years repeatedly changing the methodology in order to ensure that the methodology provides an output of numbers that will support the policy ambition. This is not being agile with up-to-date data – it is being agile with how data is manipulated to achieve the desired answer.
- 2.12 CPRE has been outspoken in supporting policies to provide the right homes in the right places, affordable to those who need them. Since 2014, ONS household projections have declined significantly, while the Government target has escalated to 300,000 and the land supply requirement now proposed has increased to 337,000. Instead of robustly analysing the trends, the Government has simply restated its 300,000 policy and adjusted the method to fit. That cannot be described as being responsive to up-to-date data – in fact it is the opposite.
- 2.13 Para 14(b) picks up concerns that *"the current formula underestimates demand for housing in the growing cities in the Northern Powerhouse by being based on historic trends"*. This implies that the new method seeks to address that, but in fact it does nothing of the sort. Most northern local planning authorities (LPAs) are pursuing housing requirement figures significantly higher than the standard method figures, on the basis of their growth ambitions. The current standard method is in no way constraining them from doing so. However, the growth-based uplifts are often unrealistic, because achieving them depends on bucking the national demographic trends and being able to attract a workforce for their intended job growth. The new method in fact boosts supply

most in areas where demand is currently highest, thereby reducing the scope for lower demand areas to draw growth towards them.

- 2.14 *“A more appropriate distribution of homes”*: it is unclear what this means, but if it refers to para 14(b) then it means a more demand-led distribution plus a facility for regeneration areas to pursue additional growth. A demand-led approach and a regeneration-led approach are mutually incompatible. What is crucially missing here is a spatial strategy, with proactive economic and spatial planning instruments to direct growth away from existing hotspots of demand towards places in need of regeneration.
- 2.15 Para 20 makes one of the many leaps of logic that characterise this document. It goes from using a percentage of existing stock levels, which is simply a quantitative extrapolation of the existing settlement pattern, to stating that *“this should ensure that diverse housing needs...are taken into account”*. There is no basis whatsoever for this statement, because to account for diverse housing needs requires a qualitative approach, in terms of tenure mix and detailed evidence from Housing Market Assessments, that is wholly absent here.
- 2.16 In para 21 we find another contradiction. Having spent several paragraphs criticising the volatility of household projections and their susceptibility to different interpretations, and then justifying a new method which purposefully departs from the projections as the basis for planning future growth, we are now told that the projections are *“still the most robust estimates of future growth trends”*. In fact, household projections just assume the continuation of past trends into the future, so they are only a measure of future need insofar as they reflect prevailing market conditions and patterns of household formation. The real question is, to what extent does Government wish to intervene in the prevailing trends, and to what end?
- 2.17 There is also no rationale for assuming that existing stock reflects the need or capacity for further growth. If the intention is to enable growth in LPAs where there is brownfield land and need for urban regeneration, it must be remembered that usually those LPAs will have both high-demand and low-demand localities within them. Increasing their overall housing requirement will do very little to incentivise brownfield re-use or wider urban regeneration, unless these objectives come with specific fiscal and policy interventions to make them the priority locations for development.
- 2.18 Our analysis suggests that in large, urban LPAs where existing stock levels are high, the current standard method is producing a need figure around 0.5% per annum. In medium-sized LPAs, the current method seems to produce figures nearer to 1%, but this is volatile according to which year’s ONS projections are used. In some places, using the 2018 projections does produce a figure well below 0.5%. But this does not really support the argument in para 25 that *“all areas, as a minimum, are contributing a share of the national total, proportionate to the size of their housing market”*. 300,000 per year nationally is about 1.2% of national stock, so a substantial majority of areas would have

to contribute well in excess of 0.5%, but the new method does not actually create an emphasis on existing urban areas.

- 2.19 We are working to refine our analysis but it appears that, in many or most areas, the volatility of the ONS projections will continue to cause substantial changes in the housing need calculation each time a new set of projections is used. But applying the new method to a sample of areas across the country, we can see that it tends to work directly against the declared aim to focus on existing urban areas and to promote levelling up. Here are some examples.
- 2.20 In Hampshire, switching from the current method to the new method reduces growth in Portsmouth from 0.94% to 0.8% per annum; and in Southampton from 0.93% to 0.77%. By contrast in Winchester, which is more rural and where 40% of land is within the South Downs National Park, there would be an increase from 1.31% to 1.94%. It is also important to note that rural districts including Winchester, New Forest and East Hampshire, have high proportions of short-term lets and second homes due to their National Parks, which distorts the existing stock figures. Hampshire CPRE's own analysis shows that in every LPA in Hampshire there are currently more dwellings than households.
- 2.21 In the West Midlands, Birmingham would see a slight reduction from 0.8% to 0.7% growth; but in Stratford-upon-Avon the new method produces 2.9% growth, compared to 1% on the current method.
- 2.22 In Leicestershire, the predominantly rural district of Harborough will see a huge increase to 3.2% of existing stock under the new method, compared to 1.4% under the current method; whilst urban Leicester will experience a decrease from 1.4% to 0.9%.
- 2.23 In Gloucestershire, which overall would see a 46% increase in requirement under the new method, Cotswold District would see a dramatic increase of 148%. Given that 80% of the District is within the Cotswold Area of Outstanding Natural Beauty (AONB), where there are comparatively few opportunities for local employment, the only possible consequences of such growth would be large increases in out-commuting and associated increases in house prices, and damage to the characteristics of the AONB. Meanwhile, the City of Gloucester's requirement would reduce by 12%.
- 2.24 This pattern is plainly at odds with the declared aim of Government policy, and appears to be principally influenced by the changes to affordability calculation: in other words, predominantly rural authorities will see big increases under the new method, because they are expensive places to live.
- 2.25 This presents a further, major problem when the Changes to the Planning System consultation is read alongside the Planning White Paper consultation, because the latter indicates a suite of factors which will be taken into consideration when establishing new, top-down, mandatory housing requirements. These include environmental constraints,

brownfield land supply, and the need to protect and enhance non-built land for food security and ecosystem restoration. Urban authorities will tend to have greater supplies of brownfield land and potential for 'Renewal' zones, but these opportunities could be suppressed by substantial reductions in the starting point housing number. Meanwhile, predominantly rural authorities will tend to have more environmental constraints and be more characterised by 'Protected' zones, which will conflict directly with dramatic increases in the housing figure. This will lead to highly contested Local Plans, as well as to an overall pattern of development that works wilfully against the Government's declared aims to protect the countryside and prioritise brownfield re-use.

### **3. Questions 3 to 5: Affordability Adjustment**

Question 3: No. Question 4: No. Question 5: No.

- 3.1 CPRE does not agree with the proposed approach, for the reasons set out below.
- 3.2 We have already shown that the starting point, based on household projections and stock levels, runs counter to broad Government policy objectives of levelling up and improving emphasis on urban regeneration. The affordability adjustment compounds this by directing growth towards locations where housing is already most expensive. In many cases these locations are rural and have environmental constraints, such that the effect of the methodology will be a significant shift in the distribution of housing land, away from urban renewal areas and towards rural, greenfield sites in sensitive landscapes.
- 3.3 The declared aim here is "*Targeting more homes into areas where they are least affordable*": This is presented as a move to improve affordability, but there is a lack of credible evidence that a policy aimed simply at building more homes *per se* will result in improved affordability. There are three reasons for this:
- Housebuilders have no financial incentive to facilitate a reduction in average prices in an area, and – given a choice – will spatially distribute their build-rates and products to maximise their profits. As Sir Oliver Letwin's 2018 Review highlighted, this also means that housebuilders will only build houses for a small segment of the market and at the rate that segment of the market can absorb new homes without prices falling;
  - Increasing supply in high-demand areas can often fuel further demand in those areas, such that prices will not fall;
  - It is only by specifically increasing the supply of homes in affordable tenures (or by raising household incomes) that households who cannot currently afford to live in an area will be able to do so in the near future.
- 3.4 CPRE recently co-sponsored, with the National Housing Federation, Crisis and the Chartered Institute for Housing (CIH), research by Heriot Watt University that identifies the need for 145,000 genuinely affordable homes to be provided in this country for each of the next ten years. ( <https://www.housing.org.uk/news-and-blogs/news/12.8bn->

[needed-every-year-to-end-the-housing-crisis/](#)) There is significant unmet need in all regions. Considering that expanding the private housing market to the scale currently envisaged by the Government is very unlikely to be deliverable, then the real need is for a systematic, fair and transparent approach to meeting these affordable needs through public investment.

- 3.5 Our analysis indicates that the affordability formula has a dramatic effect, producing the largest increases in LPAs where existing housing is most expensive. Accepting that the calculation is made without reference to the physical constraints of the locality, if the new figures become mandatory, as is proposed in the PWP, then this means that high-demand, high-value localities will be facing the biggest jump in their requirements. The opportunities for them to re-distribute to nearby areas in need of regeneration will be limited by the lack of provisions for regional or sub-regional co-operation, due to removal of Duty to Co-operate without any specified replacement.
- 3.6 The affordability ratio based on workplace earnings creates significant anomalies. For example, there are LPAs near London where house prices are pushed up because they are purchased by London commuters whose household income is high; but the earnings of people who work within that LPA are markedly lower. Meanwhile the median house price in that LPA has increased over 10 years because of new homes being aimed at the wealthier, London end of the market. There is nothing in the proposals to prevent this pattern from being reinforced, so an increase in the overall requirement may still cause median prices to go up in that area, rather than down. Similarly in some rural areas, such as Forest of Dean, out-commuting to higher-paid jobs in neighbouring authorities has inflated local house prices compared to local earnings, and it is self-evident that increasing supply in Forest of Dean would not address that problem, as it would simply add more out-commuters.
- 3.7 The proposed changes will result in areas where affordability is worst being loaded with more new housing, but this will primarily be market housing. Nationally, the current trend is for about 80% of new homes to be market housing, and if this prevails then we may expect about 5% of new homes to be First Homes and 15% to be in other affordable tenures. However, the affordable housing shortage is much more acute in many rural communities, where currently only around 8% of new homes are affordable, and the proposed approach to First Homes and exception sites may reduce this further. These problems are especially acute in rural areas that are either in very high demand due to their proximity to London (e.g. Mid Sussex), very constrained by landscape designations (e.g. Peak District) or both (e.g. South Downs). The only possible way to address need and affordability in those areas is by specifically enabling affordable homes. Increasing the overall housing requirement will have exactly the opposite effect to what is needed.
- 3.8 The delivery of 300,000 homes per year is presented as Government policy regardless of whether the up-to-date evidence supports it. We consider that there is a need to re-evaluate this target, to distinguish between the laudable policy aim – ensuring everyone has a decent home – and a quantitative aim that may no longer be evidence-based.

Further, we suggest that a commitment to a target for affordable tenures, and a programme of public investment to deliver it, should be the priority. Given the affordable housing shortage and the huge surplus of unbuilt permissions, the nationwide, quantitative need for additional open market housing permissions is likely to be relatively low.

- 3.9 In our view this approach offers an exceptional windfall to landowners in high-demand areas, while doing very little to address actual affordability. Further, larger housebuilders who operate across a wide geographical area will understandably ration the build-rate in these high-value areas to maximise profitability, so the effect will be a huge increase in land supply but a fairly marginal increase in housebuilding – precisely the opposite of what is needed. There is simply no market rationale for reducing house prices.
- 3.10 This is why, if the Government is serious about addressing the problems associated with worsening affordability, especially in high-demand areas – for example key workers being squeezed out of the market – then policy efforts must concentrate explicitly on boosting supply of affordable tenures, not supply as a whole.
- 3.11 We consider that the analysis of the relationship between house prices and the balance of supply and demand is deeply flawed.
- 3.12 The proposed change to the affordability adjustment factor introduces an escalator based on how much the earnings-house price ratio has changed over the last 10 years. Throughout that period, key worker earnings have stagnated, many people’s jobs have become less secure, and access to mortgages has become harder. A principal obstacle to home ownership has been people being unable to save for a deposit, due to a combination of high housing rents and squeezed incomes. If, during this time, housing stock has grown by around 1% per year, then it is inconceivable that increasing that rate to 1.2% per year will have more than a marginal impact on those people’s ability to afford a home.
- 3.13 The principle of linking housing provision to affordability is welcome and necessary, but the way it is configured is wrong and cynical. It simply enables large expansions of general, private sector housing supply in high-demand areas, but without any means to speed up rates of delivery, and will do nothing to address needs.

#### **4. Questions 6 & 7: Transition**

Question 6: No. Question 7: No.

- 4.1 Because we consider that the proposals are flawed and will serve LPAs poorly in their ability to plan appropriately for housing need, we do not accept the questions posed here. The difficulties that the proposed new method will pose for many LPAs is self-

evident, and at this stage their priority should not be to 'have regard' to the new method but to unite against it and seek a major rethink from the Government.

- 4.2 In any case, the proposed transitional arrangements in para 43 appear unrealistic, because if the new method results in a dramatic change – up or down – in an LPA's housing figure, this has a potentially huge impact not only on their need for sites but also on their spatial strategy. This could take much longer to do effectively than the suggested timeframes, especially given the need for additional evidence-building and stakeholder engagement.
- 4.3 There is no proposal for Plans already at Examination to be re-evaluated against the new standard method, but if the new number takes effect soon after then there are serious implications for Local Plan policies being out of date. Examples include Calderdale and Liverpool, where Plans are at Examination stage and are still being assessed against NPPF2012. If they are adopted in 2021 they will immediately be working on reviews that contain substantially reduced housing requirements, which calls into question the validity of site allocations and associated infrastructure investments being planned now.
- 4.4 Meanwhile Plans that are now at Regulation 19 stage will only have 6 months to review their requirement, and in LPAs facing a large increase this will place huge pressure on the spatial plan and the evidence base.
- 4.5 Rather than trying to accelerate new Local Plans and the adoption of new requirements, it would be better to enable LPAs to focus on securing the build-out of existing permissions, and on bringing more urban brownfield sites into the land supply. This is equally appropriate regardless of whether the new method creates an increase or decrease in the requirement, and would reduce the risk of Local Plans becoming prematurely out-of-date due to land supply shortages.

## **5. Question 8: First Homes**

Question 8: Answer - None of the above.

- 5.1 CPRE does not agree with these proposals, for the reasons set out below. It is important that we explain our objections to the principle of the proposals, even though the consultation has failed to pose that question.
- 5.2 The affordability adjustment directs housebuilding where existing housing is least affordable, but prioritises home ownership as the preferred tenure. By pressing ahead with prioritising First Homes over other tenures, despite warnings from affordable housing experts that it will make matters worse overall for people in need of homes they can afford, the proposals demonstrate that relevant evidence is being ignored.
- 5.3 There are many advantages to home ownership, but it will never be an option for everyone, and the planning system should work for everyone. We have concerns that

the proposals could conflict with the Equality Duty, since home ownership is substantially lower among several other ethnic groups compared to White British, reflecting their different socio-economic opportunities. We return to this under Question 35, but in any case the proposals appear economically discriminatory, especially in rural areas. This is because the combination of First Homes as a preferred tenure on exception sites (Questions 14 to 16), and the proposals for thresholds and small sites (Questions 17 to 22) will result in a negligible supply of rural homes for social rent or otherwise available to people who cannot afford a First Home.

- 5.4 The Government is no doubt already aware of evidence from Shelter (2015) showing that *“Help to Buy has added around £8,250 to the average house price [and] has helped a small number of people to buy, at the expense of worsening the overall affordability crisis for everyone else.”* That the Government has chosen to ignore this damning evidence and persist with measures to subsidise access to home ownership is deeply worrying.  
[https://england.shelter.org.uk/data/assets/pdf\\_file/0010/1188073/2015\\_09\\_how\\_much\\_help\\_is\\_Help\\_to\\_Buy.pdf](https://england.shelter.org.uk/data/assets/pdf_file/0010/1188073/2015_09_how_much_help_is_Help_to_Buy.pdf)
- 5.5 Para 47 refers to the previous consultation on First Homes. We note that the National Housing Federation’s headline comments in response to that consultation were as follows:
- *“In many areas First Homes are unlikely to be affordable to most buyers without a very significant, and therefore expensive, discount...in most local authority areas, even a 50% discount would not bring median-priced new homes within reach of median income households.*
  - *“If the discount is funded via S106., the policy will significantly reduce the supply of social and affordable homes to rent in areas of high need.*
  - *“Introducing First Homes into the planning system but with LPAs retaining the power to decide which affordable tenures – including First Homes – best meets the needs of their local communities [would help to overcome these issues].”*
- <https://www.housing.org.uk/resources/first-homes--our-consultation-response/>
- 5.6 It is abundantly clear that this expert advice has also been ignored, since the proposed changes (para 52) clearly stipulate that the first 25% of all affordable provision should be First Homes, and the Government persists with the discredited notion that facilitating home ownership will improve affordability.
- 5.7 The Government appears committed to ownership as the preferred tenure, and is willing to subsidise it, probably at a cost to the availability of genuinely affordable housing. Governments are of course able to pursue their preferred policies and investment programmes, but to impose those both upon LPAs’ own strategies to address affordability, and upon the regulatory framework, is undemocratic and doomed to fail.

- 5.8 Excellent evidence for what is needed to address affordability comes from the Affordable Housing Commission Report *Rebalancing the Nation's Housing System* (March 2020). In particular, this recommends reversing the loss of social rented stock to other tenures, and the report contains two findings that are especially pertinent here.
- 5.9 *"The Commission recognises government plans to address affordability problems facing first time buyers through the First Homes proposal using Section 106 agreements on house builders. The Commission believes such housing should not come at the expense of reduced obligations on housebuilders to provide social housing and other successful affordable home ownership products. **Government should also ensure that the new scheme does not override local planning authorities' objective and evidence-based housing needs assessments.**"* (Our emphasis added.)
- 5.10 *"The Commission urges the government, in its forthcoming planning and social housing White Papers, to focus on reforms to improve the supply of affordable homes. These should include: returning Permitted Development Rights powers back to councils, support for alternative approaches to capturing 'hope value', and ensuring planning authorities are adequately resourced. The Commission also recommends **government encourages local authorities to be resolute in requiring a level of affordable (and especially social rented) housing from Section 106 agreements.**"* (Our emphasis added.)

<https://www.affordablehousingcommission.org/news/2020/3/23/making-housing-affordable-again-rebalancing-the-nations-housing-system-the-final-report-of-the-affordable-housing-commission>

## **6. Questions 9 to 11: Exemptions from Delivery of Affordable Home Ownership Products**

Questions 9 to 11: Answer –Q9: No comment. Q10: No comment. Q11: Yes. Policies on the type and tenure of affordable housing to be delivered in new developments, including any exemptions from delivery of affordable home ownership products, should be set by local planning authorities rather than in national planning policy.

- 6.1 It is unclear as to what the consultation is aiming to discern here, because it does not contain any proposals pertaining to the questions, so we cannot tell if changes to existing exemptions are proposed.
- 6.2 In relation to rural areas, the Affordable Housing Commission report (referenced in our answer to Question 8) recommends that LPAs should be enabled to require some affordable housing for local people in schemes of less than 10 homes, and we would support this. The high risk that exemptions will result in zero affordable housing being provided in many smaller communities must be resolved.
- 6.3 We have also previously seen the Vacant Building Credit provisions exploited to avoid including affordable homes within urban brownfield schemes. This is a perverse outcome, since such sites may have excellent potential for sustainable place making, and tenure mix is an important consideration.

**7. Question 12: Transitional arrangements for First Homes**

Question 12: No.

- 7.1 Notwithstanding our objections to the prioritisation of First Homes, it is clear that transitional arrangements would be required.
- 7.2 We interpret para 57 to mean that Local Plans that are already adopted or submitted, as well as those submitted within the first 6 months of the policy being enacted, will not need to be amended to reflect the new policy.
- 7.3 What is entirely unclear here is the relationship to the proposed changes in the PWP. If a Local Plan is submitted now, it might be adopted in mid-2021 and would not normally expect to be reviewed until 2026; but, under the PWP proposals, the LPA would – if we understand PWP correctly – be expected to adopt a new-style Local Plan around late 2024. In effect this gives that LPA a window of 2-3 years to implement affordable housing schemes that have been in formulation for some time, before they risk becoming non-policy compliant.
- 7.4 This may also result in LPAs attempting to rush to submit their existing Plans, which may then experience delays at Examination due to their being unsound and/or based on poor/incomplete evidence.

**8. Question 13: Discount Levels**

Question 13: No.

- 8.1 As we are not affordable housing providers we are not best placed to answer this question. However, we refer you to the National Housing Federation response to the First Homes consultation we cited earlier, which observed that discounts as high as 50% may be needed to have a meaningful impact on affordability for the householder, which would be a very expensive intervention. A particular question that needs to be answered is, therefore, how the cost-effectiveness of discounting a First Home compares with that of enabling a social rent or affordable rent home, given that the latter are needed anyway for those people who have no prospect of owning a home even at the discounted rate.
- 8.2 We note the recommendation in the Affordable Housing Commission Report (referenced in our answer to Question 8) that a target for affordability should be for housing costs to be no more than one-third of household income. This is a very different measure from ‘what is the highest price a household can afford?’ as measured by mortgage to salary ratio, and is more applicable across tenures.

**9. Questions 14 to 16: Exception Sites and Rural Exception Sites**

Question 14: No. Question 15: No. Question 16: Yes, subject to our wider answer.

- 9.1 CPRE does not agree with the principle of this proposal, for the reasons set out below. This is a fundamental issue.
- 9.2 The proposals significantly undermine the long-established use of exception sites to provide for small affordable housing developments, by requiring these to prioritise First Homes rather than genuinely affordable homes. Supposed continuation of existing arrangements for rural areas are not properly explained and do not appear thought through, and there is a high risk that rural communities will suffer as a result.
- 9.3 Para 64 appears to spell the end of any affordable tenures other than First Homes being provided on exception sites in the majority of situations. This would be an especially pernicious change, since the whole purpose of exception sites is to enable provision of affordable homes by using sites that would not otherwise be allowed to come forward through the planning process. In effect, this proposal says that small sites can be brought forward outside the local plan for First Homes, but not for other affordable tenures.
- 9.4 In many areas, First Homes will still be out of reach of many people needing homes. As a consequence, development of exception sites for First Homes will do nothing to secure a lasting supply of genuinely affordable homes in communities where they are lacking. That goes entirely against the purpose of exception sites.
- 9.5 An LSE study in 2015 examined the impact of new private residential development on local house prices. Its key finding here is that “in all types of areas the new development generally blends into the broader housing market quite quickly [and] can lead to relatively rapid increases in prices in the neighbouring area.” It is significant that this study was sponsored by private housebuilders.
- <https://www.lse.ac.uk/business-and-consultancy/consulting/assets/documents/understanding-the-local-impact-of-new-residential.pdf>
- 9.6 In other words, building new owner-occupied housing in an area tends to cause prices in that area to go up, not down. This will inevitably make housing in that area less affordable. Consequently the only workable mechanism to improve affordability in areas where existing affordable supply is low, and prices are high, is to provide new homes that remain in perpetuity in genuinely affordable tenures. First Homes cannot do this.
- 9.7 It is unclear, in paras 64 and 66, what is meant by ‘designated rural areas’. The coverage of the designation (under the Housing Act) needs to be properly set out so that those communities that are undesignated, and thereby affected by the change, can be made aware and make an informed response. CPRE understands, however, that many pressured rural areas are likely to fall outside this definition – for example a number of desirable country towns in Devon as well as several small rural settlements which have little or no social housing stock. Interventions such as local occupancy conditions and

restrictions on second homes are necessary – certainly in designated rural areas and perhaps in some other settlements - where provisions could potentially be enacted through Neighbourhood Plans.

- 9.8 It is difficult to see how the exception sites policy would function in the context of the PWP proposals for zoning. Assuming that land is specifically allocated for Growth and Renewal zones, then it follows that all exception sites coming forward would be within the Protected zones. The proposed approach to exception sites therefore implies that it is directly aimed at small sites within Protected zones, and that these would be prioritised for First Homes. This appears to give LPAs very limited control over the location and tenure for small development sites in Protected zones.
- 9.9 The proposals also significantly weaken the incentive for landowners in rural areas to act as benefactors, providing land for affordable homes at low cost. The ‘hope value’ of land will be elevated by the prospect of market housing, and the landowner therefore has a reason to hold on to the land until such time as they can secure full market value for what would previously only have been considered as an exception site. This especially threatens the future of Community Land Trusts, whose important role in meeting local housing needs depends on low-cost access to land.
- 9.10 A possible, albeit partial, solution here would be to modify the Use Classes Order to enable what we might call ‘exception allocations’. By this route, LPAs could allocate small sites specifically and exceptionally for social housing, without this creating a general housing allocation by default. This could perhaps be a power afforded to Neighbourhood Plans, so that communities could be specific about the type and tenure of housing they wish to enable.

#### **10. Questions 17 to 21: Economic Recovery – Small Sites Policy**

Question 17: No. Question 18: (iii) – Zero. Question 19: No. Question 20: No. Question 21: No.

- 10.1 The proposals imply that reducing the delivery of affordable housing is a fair price to pay in the short term for boosting the number of homes built by SME developers. We cannot agree with that proposition, as it runs directly counter to the need to prioritise affordable tenures. In particular, there is good reason to believe that the proposal will fail on its own terms – landowners are likely to use the change to increase the prices they charge for development land, with little or none of the supposed cost reductions being passed on to SME builders.
- 10.2 Supplying homes that are affordable to those who need them, and enabling SME builders to enter the industry are two separate policy objectives, which are both important. But they are not interchangeable: there is no rational basis for asking, “How much shortfall in affordable homes shall we sanction in order to support SME developers?” More helpfully, the two objectives could be considered together: by what

mechanisms could SME developers be engaged to provide homes that the larger developers will not, especially in affordable tenures?

- 10.3 The anticipated reductions in S106 contributions are aggregated to national level, and therefore don't account for LPAs and communities where the majority of sites are small. In these areas it is likely that affordable housing delivery during the extension period would be very low indeed.
- 10.4 Considering that para 78 also recognises inflated land prices and constraints to introduction of First Homes as risks associated with the policy, it appears that this proposal has not been properly thought through.

### **11. Question 22: Affordable Housing in Rural Areas**

Question 22: No.

- 11.1 CPRE's position is that, as a general rule, there should not be minimum thresholds for affordable provision in rural areas. This is because in many areas the majority of sites are small, and a threshold can place a severe limit on total affordable provision. Since this may not be true in all LPA areas, there may be justification for LPAs to have discretion to set thresholds in part or all of their areas, or in some settlements.
- 11.2 It is especially in rural areas that the problem of First Homes being too expensive to class as affordable will be most apparent. This is because of the high price of market homes and the small number and size of suitable development sites. For this reason, the policy preference for First Homes is even more inappropriate in rural areas than elsewhere. Ensuring sufficient genuinely, permanently affordable homes must be the priority.
- 11.3 Within National Parks and Areas of Outstanding Natural Beauty, even greater emphasis is needed on providing truly affordable homes in perpetuity. The exceptionally high demand from affluent commuters and second-homers conspires against local families wishing to remain in the area. This also poses a serious risk to the employment base in these areas, where there is a need for land-based, agricultural and environmental skills that do not command high earnings.
- 11.4 Without affordable housing, the landscapes and the sustainability of rural communities will deteriorate. These issues apply to many rural areas, both within and outside designated landscapes. Local authorities should be given more power to address them without their hands being tied by changes such as the ones proposed. We believe that all affordable homes in rural areas – not just those areas having a current exemption under the Housing Act - should be exempted from the Right to Buy.

### **12. Question 23: Other help for SME housebuilders**

- 12.1 The Shelter Report *New Civic Housebuilding* (2017) (p6) notes that the prevailing, speculative housebuilding model squeezes out SME developers, simply because the

financial stakes are too high for all but the biggest players. This, the report finds, “limits homebuyers’ choice of products and styles, and reduces industry innovation, capacity and flexibility”. The report envisages a ‘civic housebuilding’ approach, in which landowner, community and developer are in partnership and the land transactions and contributions are agreed in advance.

- 12.2 Clearly there are parallels between this approach and the opportunities presented by Community Land Trusts.
- 12.3 In other words, whilst interventions in the speculative land market are necessary to capture that land value uplift for community benefit, they may not be especially effective in opening up opportunities for SME developers, whereas other transactional models might have greater opportunity. This would also offer greater potential to diversify the types of housing being built, and potentially to accelerate transition to zero-carbon homes.
- 12.4 We would support the recommendation made by Action for Communities in Rural England (ACRE) that other measures to help SME developers should be introduced, that also help boost the supply of rural affordable housing. In particular:
- For 18 months provide grant funding for affordable housing on market led schemes developed by SME builders on sites of less than 40 dwellings. This would guarantee income into the scheme, supporting cash flow and continuing construction whilst also providing affordable housing at a time when with rising unemployment demand for this tenure will increase.
  - Provide short term grant funding to local authorities for their housing enabling function which in many areas has been depleted as staff are redeployed to respond to emergency housing needs arising from the outfall of COVID-19.

### **13. Questions 24 to 28: Permission in Principle (PiP)**

Question 24: No. Question 25: Yes. Question 26: No. Question 27: Yes, subject to our wider answer. Question 28: (iii)

- 13.1 Once again, it is alarming to find that the Government is pressing ahead with changes that self-evidently add complexity to the system under the banner of simplifying it. Extending PiP to major development can only make matters worse in this regard, especially if the changes are made pre-emptively in relation to the PWP proposals.
- 13.2 It is very rare for a local planning authority to change its mind about the principle of development on a site allocated in a development plan, unless circumstances have changed, such as the discovery of previously unknown wildlife or heritage value (which PiP would not overcome). Conversely it is very common for the applicant to come forward with a proposal that either (a) while according with the plan allocation in terms of location, scale and mix of uses, is of a poor quality design or fails to meet ‘technical details’ in terms of provision of affordable housing or infrastructure, or (b) significantly

exceeds the scale of development envisaged in the local plan; again PiP would not overcome this issue.

- 13.3 CPRE considers that the only route to PiP should come through future Local Plans and Neighbourhood Plans, and also there should be opportunities for consultation or reconsideration of details at a subsequent stage broadly equivalent to a current reserved matters application. It is only through the rigorous checks and balances of plan-making processes – including consultation, examination and SA/SEA – that there is any hope of achieving the level of understanding of a site that would maximise the robustness of PiP. This is the only way that adequate consultation with communities and statutory consultees can be achieved. It also avoids any need to limit the range of information which LPAs can demand from applicants, because the key evidence will have been assembled during plan-making.
- 13.4 Any other route to granting PiP is a direct threat to scrutiny and, thereby, to achieving sustainable development. It should also be noted that a 14-day consultation window is totally inadequate, both for statutory undertakers and for the public.
- 13.5 We must also remind the Government that flow of planning permissions is not the obstacle to meeting housing needs, given the huge over-supply of existing permissions. Creating additional consenting routes such as expanding PiP is therefore a distraction from the key challenge, and may in fact further clog up the system with unbuilt permissions. The greater the over-supply of consents, the less control the LPA has over when any development will actually happen.
- 13.6 If the Government insists on continuing with PiP provisions, then notifications and publicity should be the same as for regular planning applications. Just because some of the opportunities to comment and consult may have been truncated does not reduce the need for communities to know what is happening.

#### **14. Questions 29 and 30: Revised Fee Structure for PiP**

Questions 29 and 30: It is not appropriate for us to give quantified answers.

- 14.1 PiP adds complexity to the consenting routes and is unlikely to save administration costs to LPAs. Therefore we suggest that any review or expansion of PiP should not result in reduced planning fee revenues to LPAs.

#### **15. Question 31: Adding PiP approvals to Part 2 of the Brownfield Land Register**

Question 31: Yes, but it's the wrong question.

- 15.1 Clearly the Brownfield Land Register should be a comprehensive data source, but this question is a distraction from the key issue here, which is how to maximise the use of brownfield land. PiP was introduced as a way to accelerate consents for brownfield sites, but these sites still cannot fulfil their potential unless they can be brought through the system in a timely fashion. This depends on proactive land assembly by LPAs, up-to-date

urban capacity studies, development briefs with community engagement, and relevant financial instruments. If those components are working together properly, then the granting of planning permission by conventional route or by PiP should not cause controversy or delay.

- 15.2 CPRE would also urge the Government to commit to the retention of brownfield land registers. We note the comment here that there is an intention to review their role. CPRE believes that registers are now beginning to fulfil their role in getting local authorities to more proactively identify brownfield land capacity and thereby reduce pressure for the unnecessary development of greenfield sites.

### **16. Question 32: Additional Guidance to Support PiP Implementation**

- 16.1 It is telling that para 117 recognises that the new consent route enjoys limited understanding. This supports our position outlined in 15.2 to 15.7 above that additional consent routes add complexity, and that the only routes to PiP should be through adopted Local Plans and Neighbourhood Plans.
- 16.2 Para 118 criticises LPAs that “*continue to make decisions on PiP based on detailed matters, such as transport access*”. The obvious reason for this is that, in many or most cases, the ability of a site to be accessed appropriately and safely for the type of development, and without unacceptable harm to other considerations, is fundamental to whether that development would be acceptable and sustainable as a matter of principle.
- 16.3 Therefore there is a risk of increased uncertainty and delay, as schemes that have been granted PiP turn out to be unsustainable once the details are considered. This is one reason why development briefs (typically adopted as supplementary planning documents) are a much more positive tool than PiP.
- 16.4 The level of detail necessary to demonstrate whether or not a site can be developed in principle will vary considerably from site to site, which is why conditions are used extensively in outline permissions. In our view the only way that PiP can work without allowing unacceptable schemes through is to link it directly to site allocations in Local Plans and Neighbourhood Plans where democratic scrutiny and weighing up of constraints can be properly achieved.
- 16.5 In that context, we cannot support the proposals as set out here.

### **17. Question 35: Public Sector Equality Duty**

- 17.1 We are concerned that the proposed Changes to the Planning System have an indirect discriminatory impact on those minority ethnic groups who are living in housing that is unsuited to their needs. This is because the new standard method, by directing housebuilding towards higher demand areas, will direct it away from the urban

neighbourhoods where brownfield reuse and urban remodelling could assist in better meeting the needs of those groups. Further, by dint of their socio-economic circumstances, the same groups may also be disproportionately affected by the proposals' failure to address genuine affordable housing needs, especially the issue raised by the Affordable Housing Commission (see our response to Question 8) about the lack of social rented homes to replace reliance on the private rented sector.

- 17.2 The proposals make no reference to the ageing population. LPAs have detailed Housing Market Assessments which include the age profile of households and the likely trends this creates in terms of the types, tenure and location of housing older people require, and the proposals entirely ignore this issue. Consequently there is a risk that older people's needs will be masked and/or will fail to be addressed.