LONDON BOROUGH OF RICHMOND UPON THAMES

Changes to the current planning system Consultation Response

Submitted on 1 October 2020 online and via email to:

TechnicalPlanningConsultation@communities.gov.uk

About You

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Are your views expressed on this consultation your own personal views or an official response from an organisation you represent?		Organisation: London Borough of Richmond upon Thames Assistant Director of Environment & Community Services (Planning and Transport)
	region of England are you located in? t one)	London – London Borough of Richmond upon Thames
	North East North West Yorkshire and The Humber East Midlands West Midlands East of England London	
	South Most	
	South West Don't know/ Prefer not to say I/We operate nationwide If another country (please specify):	

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	The London Borough of Richmond upon Thames raises strong objections to the revised Standard Method. We disagree with the proposal to use two different baselines as a starting point for the calculation because a baseline should be a clear and unambiguous starting point. The suggestion that the highest of the two should form the basis for the calculation appears to 'cherry pick' whatever outcomes best suits the government aspirations for increasing housing delivery.
area OR the latest household projections averaged over a 10-year period? Yes	This Council therefore disagrees with bringing a percentage of existing housing stock into the equation of the Standard Method, because as presented, this just appears to be a non-evidence based measure to ensure that authorities' baseline figure for housing isn't unduly low as a result of household projections.
Not Sure Please provide supporting statement	We are also concerned that the notion of an alternative baseline would suggest that the household projections are insufficient to be relied upon. The consultation states at paragraph 20 that introducing the alternative baseline based on housing stock offers 'stability and predictability which has been absent when solely relying on household projections' and then goes on to say that household projections are 'still the most robust estimates of future trends'. This is a contradiction that government should address in its final guidance on the Standard Method, because if housing projects are still the most robust, then why introduce an alternative baseline. Whilst housing stock might give an insight into the current land-/townscape, household projections are based on trends and modelling, taking into account a whole variety of factors. If the government is inclined to continue using housing stock as a baseline, we would recommend combining the two into a single baseline rather than having one or the other and having to select the higher of the two.
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.	It can be seen from the consultation document that a percentage of 0.5% is suggested because this represents 'a basic level of increase in all areas without putting a disproportionate emphasis on existing stock levels'. However, this assumption is too vague and not empirically justified to be used to inform a local authority's housing need figure. Presumably not all areas in the country experience similar levels of growth compared to existing stock.
No Not Sure	In Richmond, average historical delivery rates over the last ten years are approximately 0.4% per year compared to existing stock. This differs from the proposed 0.5%.
□ Not Sure Please provide supporting statement	Therefore, whilst it is acknowledged that relying on household projections alone is not ideal, we disagree that the inclusion in the baseline of 0.5% of existing stock levels would offer 'stability and predictability'. Moreover, we are concerned that the figure of 0.5% may have been reverse engineered to deliver a number nationally that is consistent with the government commitment

to plan for the delivery of 300,000 new homes a year. This becomes more evident when one considers that the existing Standard Method has yielded around 270,000 homes per annum, and that the new proposed Standard Method would result in 337,000, thereby increasing the likelihood that the government's target of 300,000 would be delivered.

In addition, the approach of targeting more homes into areas where they are least affordable results in concentrating growth in the South East of England. Particularly in London, where the revised standard method would now result in some 93,000 new homes, a 67% increase over the existing housing need figure. This is entirely unrealistic, given the long-term delivery rates in the capital are approximately 30-40,000 per annum. And it is already evident that even with the duty to cooperate, the current need for London of around 56,000 homes per annum under the current Standard Method has not been delivered. It is also important to highlight that the London Plan's target (Intend to Publish version, 2019), which takes account of existing constraints and other policy and environmental issues in the borough, is some 44,000 homes fewer than the unrealistic 93,000 generated under the proposed Standard Method (this is an increase of 92%).

If London only has capacity for around 56,000 homes – on average – per annum to 2029, it is entirely unclear where the government will envisage some extra 44,000 units per annum to be built. Such a significant jump in need will require an entirely different approach to planning in London, and it will not be possible to accommodate such a jump by simply finding some extra sites. If London as a whole cannot accommodate the 93,000 per annum, how would the excess that simply cannot be met be redistributed? Would boroughs be asked to liaise with their neighbouring boroughs under the duty to co-operate, or would there be a continued role for the Mayor of London and the London Plan to redistribute the housing target within London to those boroughs where there is capacity (although as noted above, this is not considered feasible), or would it require an entirely new approach to planning in the wider South East to redistribute growth outside of London? This would however not be considered possible as under the new formula the majority of the South East ends up with a significant increase in their targets, which will simply not be achievable without a strategic Green Belt review.

We therefore strongly urge government to consider carefully the implications of the proposed Method as it demonstrates the flaw in the process when looking at London in particular, where the highest prices are in the areas with the greatest shortages of sites and where there are also major constraints to development and redevelopment, not just physical limitations and constraints such as Metropolitan Open Land, but also the constraints due to infrastructure capacities.

Richmond Council is genuinely committed to deliver housing, with a priority for affordable housing, but it is simply inconceivable to deliver 2,247 homes per annum when past delivery has averaged some 400+ units without significantly compromising the many designated assets in the borough, like the Royal Parks, the Royal Botanic Gardens Kew World Heritage sites and the whole raft of Council parks and open spaces.

We therefore think that government will need to consider very carefully how the standard method should be applied to ensure the government's aim of 300,000 homes per annum will not continue to be beyond reach, leading to punitive measures under the Housing Delivery Test and unsuitable development in unsustainable locations.

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.

□ Yes

■ No

☐ Not Sure
Please provide supporting
statement

This is an overly complicated and technical question to be asked in a general consultation document on changes to the existing planning system. In general, this Council supports in principle a national Standard Method for establishing housing need. However, the proposed new Method appears to be intrinsically linked to affordability, which also becomes evident in this question. It is understood that the proposed Method reflects the affordability of houses in an area, whereby the least affordable areas will have a higher 'ratio' figure.

Therefore, the proposals show that in authorities, especially in London and wider South East, where affordability is a key problem, the Standard Method results in a greater housing requirement because the high 'ratio' that is used to calculate the 'adjustment factor' and which is then applied to the baseline data inflates the housing need figure significantly.

Based on the new Method's calculation, for LB Richmond, the baseline will use the household growth figure of 604 per annum, with an adjustment factor of 3.72, therefore multiplying the average growth almost 4 times, making the overall figure 2,247 homes per annum. This is significantly more than the figure of 441 dwellings per annum under the current Method. In addition, it is entirely at odds in the context of household projections that are demonstrating for Richmond Borough a dramatic fall in the 2016 and 2018 household projections of over 11,800 households by 2039, when compared to the 2014 household projections. With the proposed removal of the cap that applies to the current Method, the resulting number for the London Borough of Richmond upon Thames is completely unrealistic and entirely undeliverable.

We are concerned that the new formula attempts to combine demographics in the form of population projections with economics. When looking in more detail at the proposed new Method, it becomes clear that the government appears to look at increasing housing delivery to affect affordability levels, and that at no point the environmental and physical constraints of an

area are taken into account in what is a very mathematical calculation. It is not explained in the consultation document why the workplace-based ratio is more appropriate than the residencebased ratio. In addition, the ratio considers only house prices, which means that rental affordability and non-market housing provision is not included in the affordability measure. Q4. Do you agree that We disagree with this proposal. The new Method goes further incorporating an adjustment than the current one, and now proposes an adjustment based on for the change of affordability how much worse an area's affordability has got in the last 10 years. Whilst currently the figure is adjusted by a single ratio, the over 10 years is a positive way to look at whether new Method includes the ratio for the current year and the affordability has improved? If difference in the ratio over 10 years. The consultation document not, please explain why. does not make it clear why this change is proposed, other than inflating the numbers (to ensure the government overall hits the political target and non-evidence based 300,000 homes per Yes annum target). \times No In the example of the London Borough of Richmond upon Thames, the figure adjusts the factor as follows: existing factor Not Sure under the current Method is 1.9; and it is 3.72 in the revised new Please provide supporting formula. This demonstrates that the new proposed formula statement seems to have been created to manipulate numbers to result in inflated numbers. The new formula and Method undoubtedly disproportionally affects the South East and London in particular, where most areas are constrained by Green Belt / Metropolitan Open Land or already developed land. Moreover, this will not achieve the results in 'levelling up' of prosperity across the UK as the standard method underestimates demand for housing in growing Northern cities and uses an algorithm that results in high levels of growth in London and the wider South East, regardless of whether there is the capacity to deliver this. We are also concerned because there is no longer a cap to level off any unreasonable uplift that may be created by the adjustment factor. The cap which is currently in place equates as 40% above the projections or plan requirement, depending on the age of plan. The logic for removing this cap is not clear because government previously said that the cap was needed to ensure numbers were 'deliverable', whereas now it says that applying the cap is 'not compatible' with the step-change that is needed to hit the non-evidence based target of 300,000 homes per annum. Coupled with the change in the method around affordability, many parts of the South East and London are seeing substantial increases in numbers, which are simply not going to be deliverable. Q5. Do you agree that Affordability is worsening in many parts of the country, affordability is given an especially in London and the South East, particularly in the last appropriate weighting within 10 years. The renewed and increased emphasis on affordability

the standard method? If not, please explain why.

Yes

No

Not Sure
Please provide supporting statement

in the proposed new Standard Method is significantly impacting numbers. We disagree with the government notion that homes should be built in high demand areas as this does not assist in the government's aim of 'levelling up' prosperity across the country. We are therefore particularly concerned that the new method goes further than the current one, and as set out in responses to questions elsewhere within our response, we are concerned around the fact that the adjustment is proposed to be based on how much worse an area's affordability has got in the last 10 years. This undoubtedly disproportionally affects the South East and London in particular, where a lot of areas are constrained by Green Belt / Metropolitan Open Land and other designations or already developed land. As stated elsewhere in the Council's response, the new Standard Method and the arrival at the new need figures do not take into account any environmental or physical constraints.

In response to this question specifically, the Council does not agree that affordability has been given the appropriate weighting, and we therefore object to the proposals.

Based on the proposed Standard Method, the calculated need for Richmond borough is 2,247 homes per annum. Of this figure, 604 is derived from projected household growth. The application of the affordability adjustment factor represents 1,643 dwellings per annum. This clearly demonstrates that the weighting towards affordability is disproportionate.

The Council is fully aware that there are affordability issues in the area as well as in London and the wider South East. However, we entirely disagree with the government's proposed solution to simply inflate housing numbers for these higher value / less affordable areas to improve affordability.

The government should also carefully consider any potential unintended consequences, such as in relation to how this proposal might change land values and ultimately the book values for developers. If the proposed Method were to be implemented, greater competition for land, particularly within the context of London, will lead to rises in land values and ultimately it will be dependent on the housebuilders being prepared to develop and deliver this scale of housing. Therefore, this Council is of the view that there also need to be measures proposed to get housebuilders to build out their permissions across the country in order to meet the 300,000 new homes target. However, we note that the parallel consultation on the Planning White Paper (i.e. Planning for the Future) does not propose any measures to address this particular issue either. Setting high targets on its own will not help to deliver the homes that the country needs; it simply adds to the number of consents. However, in the last decade, Local Planning Authorities have granted permission for over 2.5 million homes, and over 1.5 million have been built. In the last year

alone, 371,000 permissions for homes have been granted, and 241,000 delivered. In London alone, there are approximately 300,000 unimplemented units at present. Whilst the Council fully supports the government ambitions to deliver the homes the country needs, the government needs to be careful that the proposed changes do not result in simply achieving high book values for developers rather than more housing.

The figure of 2,247 homes per annum under the new Standard Method for the London Borough of Richmond upon Thames is quintuple that of the current Standard Method (i.e. 441). Such a methodology sets the Council up to fail despite its best efforts to increase housing delivery. This will do nothing to improve affordability in the borough as it simply penalises authorities that just cannot achieve what are considered to be entirely unreasonable targets at the outset.

The Council therefore recommends that government carefully considers its proposals. Affordability is not a one dimensional problem and it is not one that Planning alone can address and resolve; a more sophisticated and joined up approach is needed to deal with the country's affordability issues.

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

☐ Yes

■ No.

☐ Not Sure
Please provide supporting
statement

No. We disagree with the introduction of this significant stepchange that is resulting in unrealistic and undeliverable housing numbers for London in particular. Because the proposed Standard Method is fundamentally flawed, we request that government carries out some further local and regional analysis of the resulting figures, and considers adjustments to the baseline, the affordability factor and a retention of the cap to ensure the overall Method results in genuinely deliverable figures that also contribute to 'levelling up' of prosperity across the UK. This then should be followed by a further / second round of public consultation to enable local authorities and developers to comment on the revised proposals.

In addition, it needs to be made clear that within the context of London, where the London Plan sets out housing targets for each London Borough, based on need and constraints, any revised guidance published as part of a PPG would not 'trump' the London Plan.

This however then adds to the problem that because of the way the Standard Method is proposed, London and the South East are bearing the brunt of delivering the homes per annum, which in turn demonstrates that the rates under the new Method are not going to be deliverable as they are not realistic and do not take account of the constraints.

Overall, the proposed Standard Method, which will generate a figure for local housing need, taking account of existing stock levels, household projections and affordability, does not take into account at all the environmental, policy and physical constraints that exist in boroughs.

As an example, approximately 2/3 of Richmond borough are designated Green Belt/Metropolitan Open Land. When designated Conservation Areas are added to the constraints, which do affect significantly how much housing growth can be accommodated in light of local authorities' duty to preserve or enhance the Conservation Areas, then there remain around 25% of the borough that can be intensified and developed. These constraints have always been reflected in the borough's housing target derived by the London Plan, because its figures are capacity-based rather than needs-based. Richmond has a current target of 315 homes per annum, rising to 441 under the current Standard Method, which is in broad terms similar to the Intend to Publish London Plan (2019) target of 411 per annum. In addition, this compares favourably with past delivery rates, with an average of 423 homes per annum delivered over the last 3 years. However, in stark contrast, the proposed Standard Method generates a figure of 2,247 homes per annum. This is entirely unrealistic and undeliverable. What is of additional concern is that Richmond Borough is not the only one where such a huge increase can be seen. We strongly feel that it would be disingenuous of the government to propose a Standard Method that results in such unrealistic figures as this will not deliver the homes that the country needs.

It is also noticeable that for some authorities, where perhaps affordability is not so much an issue as compared to Richmond, the proposed Standard Method results in fewer unit numbers than the current Standard Method or indeed significantly below those authorities' housing targets (e.g. in the North).

With respect to the transitional arrangements, as the proposed Standard Method is inappropriate for most London boroughs, the questions on transitional arrangement are somewhat academic. We are currently in an exceptional situation as a result of the coronavirus pandemic, which has put significant pressures on local authorities' budgets and resources. Whilst all attempts are being made to progress with plan-making as much as possible, we have experienced delays to our Local Plan timetable as a result of internal or external partner organisations or agencies being unavailable or indeed on furlough, and additionally some professional consultancies that are supporting authorities in drawing up the evidence base, such as on housing need, were also impacted by the pandemic. It has not only affected resources but also day to day working arrangements and how we are engaging with our communities. Moreover, the pandemic is having significant impacts on the wider economy, which is affecting a number of evidence base studies that support the development of existing plans. The government has also introduced some planning reforms in the last few weeks, including on permitted development rights and the significant

changes in the Use Classes Order, which local planning authorities had to deal with and respond to in a local context. The separate consultation published at the same time as this one on 'Planning for the Future', which sets out the fundamental changes to the planning system and particularly the way Local Plans are being prepared and what they contain will add further uncertainty to the equation. It is assumed that a number of authorities will now consider whether to continue with existing plans. In addition, there is a likelihood that any plans coming forward during the transitional period will be outdated from the outset and will require an immediate review.

Whilst the impact on London boroughs may not be as significant as for authorities outside of London, most authorities are working on their evidence base for their new Local Plans and the planned reforms are creating a lot of uncertainty for planmaking. In the case of Richmond Council, it should be noted that we've undertaken a consultation on the Direction of Travel earlier this year, and we are now planning on commissioning a number of pieces of evidence to support our new Local Plan, in line with our published Local Development Scheme (where we are already experiencing a delay due to Covid-19). It is now unclear as to whether we should be working towards a revised new Standard Method that is likely to change again next year as a result of the wider Planning Reforms, including the 'binding' housing targets, which will apparently also take into account local constraints. The unrelenting wave of changes to the planning system, coupled with the unprecedent situation we are finding ourselves in due to the Covid-19 pandemic, creates an extremely difficult position for many authorities, including for Richmond Borough.

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:

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

See response to Q6 above.

It is not thought that in the current circumstances, the proposed transitional period is sufficient.

particular circumstances which need to be catered for?	
	Yes
X	No
□ Please statem	Not Sure provide supporting ent

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): Please provide supporting statement

Richmond Council strongly disagrees with the proposal to set 25% of the total number of affordable homes to be delivered as First Homes. The Council acknowledges that there is a role for First Homes, sold at a discount to market price for first time buyers, particularly in terms of providing housing for key workers where these homes can be made affordable to meet locally identified need.

Whilst First Homes may be an appropriate affordable tenure in some localities, as Help to Buy has been found to be, any policy needs to recognise housing pressures in some localities and regions which would allow for variation from this one size fits all approach. The following is relevant and illustrative from a Richmond perspective:

- Given the high property values in Richmond, in order to make First Homes genuinely affordable, Richmond Council would need to negotiate discounts significantly higher than 30%. This is particularly the case in respect to family units. Planning gain would therefore be utilised to acheive this resulting in yet lower levels of affordable housing being delivered.
- Where there is evidence for significant housing needs and pressures, Councils should be able to in part waive requirements to provide First Homes in favour of other form of affordable housing to meet urgent housing needs. There is precedent for this as illustrated by the waiver that can be sought in respect to the Self Build and Custom Housebuilding Act 2015.

We are concerned that this proposal replaces as a priority other affordable home-ownership products which have been identified within a Local Plan on the basis of evidenced local demand and need. In addition, the Council's current requirement for a tenure split of 20% intermediate would mean that this would turn into 25% First Homes, and therefore it would compete with genuinely affordable housing, e.g. for London Affordable Rent/Social Rent (for which the current Council's requirement is 80%) and indeed London Living Rent.

If this proposal were to go ahead, affordable housing calculations would need to be reconsidered to factor in First Homes. There is in our view a concern that this initiative would lead to a reduction in the number of genuinely affordable homes such as those for affordable rent that could be delivered in the borough required to meet urgent needs. This is a significant concern in a borough like ours where there is a significant element of need for low cost rent housing to meet needs including those arising from homeless households. We are also

not sure whether government has considered the likely implications on Community Infrastructure Levy receipts.

We therefore disagree with the overall proposal to prioritise 25% of onsite affordable housing as First Homes, but if government is minded pursuing this, then rental tenures and their ratio should be as set out in the Local Plan policies rather than negotiated with a developer.

We would also like to point out that the consultation document does not make it clear whether this requirement will apply only to C3 residential uses, including Built to Rent, or also to other schemes such as for extra care, retirement living, co-living. We strongly encourage the government to provide clear guidance on this because a pure Built to Rent scheme or co-living scheme would not be able to provide First Homes.

Additionally, these requirements should not be applied to any proposed supported housing scheme and such development should be excluded from the requirement to provide or any requirement to contribute toward the development of First Homes.

Furthermore, the consultation is silent on the point that the developer could make a viability argument to reduce the on-site affordable housing and/or payment in lieu and a consequence may be that the only affordable housing to be delivered on site would be First Homes.

The Council is concerned that this proposal of requiring 25% of homes to be First Homes will significantly impact affordability and is likely to top slice at the expense of more traditional forms of affordable homes and particularly homes for rent.

It should also be noted how this would interplay with the new Standard Method for identifying a housing requirement as affordability ratios increase due to lack of the most needed Affordable Home tenure (Social Rent), thus pushing up the figure derived in the Standard Method.

Ultimately, subsidising first-time buyers will not help as it will result in pushing up prices, and mainly larger housebuilders may benefit from this. Therefore, this initiative is unlikely to produce more affordable housing but increase the price of housing.

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 (eg.

Currently Built to Rent developments are exempt from other homeownership products. The Council would consider that Build to Rent is a bespoke product that is better provided as a single tenure with a mixture of market and discounted rent for housing management and service charge reasons. Given BTR is already exempt from providing other forms of market sale affordable products, we would not see why First Homes would be an exception to this. We would also not see a place for First Homes in co-living schemes for similar reasoning.

for build to rent) also apply to this First Homes requirement?	As identified above exemptions should also apply to supported
'	housing schemes.
▼ Yes	
□ No	
□ Not Sure	
Please provide supporting	
statement	
With regards to current	See response to Q9 above.
exemptions from delivery of affordable home ownership	
products:	
Q10: Are any existing	
exemptions not required? If	
not, please set out which	
exemptions and why.	
□ Yes	
⊠ No	
⊠ No	
□ Not Sure	
Please provide supporting	
statement	
With regards to current	The Council would expect to see that schemes providing
exemptions from delivery of affordable home ownership	specialised supported housing, such as schemes for specific vulnerable groups e.g. learning difficulties, mental health and
products:	the elderly, are exempt. The Council does not see First Homes as
•	a product that would be appropriate for these types of schemes
Q11: Are any other	given the client groups and the purpose of such schemes.
exemptions needed? If so,	
please provide reasons and	
/or evidence for your views:	
ĭ Yes	
□ No □ Not Sure	
Please provide supporting	
statement	
Q12. Do you agree with the	This will clearly impact on some planning applications pending at
proposed approach to	present and those at pre-application stage. The Council
transitional arrangements set	considers that the proposed transitional period of 6 months is
out above?	likely to lead to confusion and uncertainty for developers and
□ Yes	providers, particularly around which Local Plan policies apply or not.
☐ Yes	At this stage we do not really know what impact First Homes
⊠ No	would have on developments until the overall planning reforms
	as set out in the parallel consultation on Planning for the Future

☐ Not sure Please provide supporting statement	are in place, what levels of discount would be required to First Homes to make them affordable in each borough, and consequently what the impact on First Homes top slicing would have on the delivery of other affordable tenures.
	Therefore, this Council recommends a longer transitional period of up to a year. This would allow local authorities to review their tenure policies to reflect the 25% requirement, or alternatively authorities could set out their specific local circumstances that would justify a different policy approach and if necessary, seek an exemption from the policy.
	What would assist local authorties is some level of direction that existing planning applications could not be revisited in respect to affordable tenure mix. There may be a number of reasons why an applicant might wish to revisit affordable tenure mixes in favour of First Homes delivery and such opportunism should not be encouraged given the detriment this will cause to pipelines of delivery that have been built up.
Q13. Do you agree with the proposed approach to different levels of discount? Yes	Councils and local planning authorities will need to understand the level of discount required to make First Homes affordable to each borough's circumstances. We would also need to understand whether public subsidy, sat at the same current rates for other forms of intermediate housing will be available.
NoNot SurePlease provide supporting	It is also unclear how future sales of First Homes will be monitored to ensure that these properties continue to be made available to local people at the reduced rate. Proposals seem to indicate that this would be through Council monitoring.
statement	This would place ongoing additional burdens on Councils as this is not a function which sits at all in any current function undertaken by Councils. The cost of such monitoring would either be therefore a cost to the Council Taxpayer, the development or the owner/seller. None of these funding options are reasonable and would have negative consequences.
	A potential option would be to require purchase of First Homes by registered housing providers who do have the administrative capacity to administer such arrangements. There could also be other benefits to encouraging such arrangements including assisting with development cash flow.
Q14. Do you agree with the	The Council considers that any decision relating to the most
approach of allowing a small proportion of market housing	appropriate affordable housing tenure on those sites should be made at a local authority level based on local need and
on First Homes exception	affordability; First Homes could be one of the options for
sites, in order to ensure site	consideration.
viability?	Notwithstanding our comments in the questions above, allowing
□ Yes	a small proportion of market housing just opens the door to a viability case being made, which may then override the purpose of these sites to deliver affordable housing to meet local needs.

☑ No ☐ Not Sure	Given these exception sites are small sites, it is complicating the number of tenures that may be acceptable. In any event, they could be subject to viability considerations if these are set out in national/local planning policy.
Please provide supporting statement	
Q15. Do you agree with the removal of the site size threshold set out in the National Planning Policy Framework? Yes No	This initiative has the potential to see inappropriate proposals coming forward in inappropriate locations. A definite size threshold provides certainty to the local community, developers and the Council as to what is appropriate. Removing it will see endless arguments about what constitutes "proportionate in size to the existing settlement" with regard to individual development. It could also significantly undermine the adopted Local Plan and the plan-led approach to development set out in in the NPPF.
☐ Not Sure Please provide supporting statement	
Q16. Do you agree that the First Homes exception sites policy should not apply in designated rural areas? Yes No Not Sure Please provide supporting statement	No comment / not applicable for this authority.

Supporting small and medium-sized developers

Q17. Do you agree with the proposed approach to raise the small sites threshold for a time-limited period?

Yes

No

Not Sure Please provide supporting statement

No. The proposal to raise this threshold from 10 to 40 or 50 dwellings will drastically reduce the supply of affordable homes.

In Richmond in particular, residential developments tend to be smaller than 10 dwellings, and indeed there is an adopted Local Plan policy that was justified during the Examination in Public that seeks affordable housing contributions from sites below 10 units as well (justified as the evidenced local circumstances of the Borough exceptionally warrant the policy). Contributing to affordable housing is an important benefit to the community of any development proposal. The analysis carried out for Richmond demonstrates that if this threshold would have been raised to 50 units for the last 3 years, only 26% or 30 out of the 116 affordable units permitted would have been secured.

This level of delivery results in significant unintended consequences, including an inability to move homeless households out of temporary accommodation arrangements. As identified elsewhere, if housing needs are significant and urgent there should be a stated position which waives such requirements to further support local planning policies.

Raising the threshold could also have an impact on existing planning permissions not yet implemented, should developers seek revisions to S106 agreements or submit an identical planning application removing the affordable housing contributions previously secured.

Whilst we acknowledge the intentions by the government to help SME builders, our view is that raising the threshold would not only lead to a substantial loss for authorities in being able to deliver affordable housing, but it could also lead to higher land values, which would inevitably further constrain the ability of SME builders to compete against the larger housebuilders in acquiring sites. The government's impact assessment of these proposals should make clear who was an SME builder when drawing up these proposals, and whether the SME builders have been engaged and that they can confirm this will assist them.

In the context of London, which is supposed to deliver almost one third of the government's political target of 300,000 homes per annum, SME builders are unlikely to undertake schemes of 40 or 50 units, due to high land values, the financing costs as well as the risks involved as almost all sites are redevelopment proposals and not straight forward development that may be found elsewhere in the country.

In the context of Richmond borough, there are very few sites that are larger development sites. We are nonetheless concerned that this initiative may lead to developers splitting up a larger site to avoid the threshold.

	hat is the appropriate small sites	The threshold should remain as existing, i.e. it should apply to schemes from 10 or more units.
	i) Up to 40 homes ii) Up to 50 homes	For boroughs that can demonstrate significant reliance on small sites development, and where this makes up a large proportion of the overall housing supply, these authorities should continue to be able to demonstrate a departure from national guidance
\boxtimes	iii) Other (please specify):	contained within the NPPF, as is the case in Richmond, where numerous Inspectors in their appeal decisions have supported the Council on seeking affordable housing contributions on sites of fewer than 10 units.
Please p	provide supporting ent	rewer than 10 units.
propose	you agree with the ed approach to the threshold?	The consultation document states in relation to the site size threshold that "For example, for a threshold of up to 40 units we would expect to see a reduction of between 7% and 14% of section 106 affordable housing delivery over a single year,
	Yes	assuming overall housing delivery remained constant. For a threshold of up to 50 units, this would be between 10% and 20%".
X	No	Having carried out an analysis of the affordable housing secured
□ Please p stateme	Not Sure provide supporting ent	during the last three financial years in Richmond, we know that the raising of the threshold to 40 units would have resulted in a reduction of around 50% of S106 affordable housing delivery, or 28 (52%) in a single year; with a 50 unit threshold, the impacts would have been even more significant, with a reduction of around 75%.
		Notwithstanding, given that Richmond has an up-to-date Local Plan Policy on affordable housing contributions from small sites (i.e. less than 10 units) in place, a change in the PPG or through a Written Ministerial Statement (as indicated in the consultation document) in relation to the temporary raising of the threshold would not affect existing policies. Nonetheless, the Council is concerned that developers and applicants will be expecting for this approach to apply everywhere, and it may become a contentious policy matter when determining planning decisions as well as during planning appeals.
		Therefore, we disagree with the assumptions made in the consultation document as they are fundamentally flawed when local and no doubt regional analysis is undertaken.
linking t period t and rais	you agree with the time-limited to economic recovery sing the threshold for	No. Whilst the Council appreciates the efforts the government is trying to take on supporting economic recovery, this proposal is not going to reduce the costs for developers as it is about the price paid for the land in the first place.
an initia months	al period of 18 ?	We note the consultation document states that SME builders have
	Yes	been declining in the long term, and that there were 16% more builder and developers insolvencies in 2019 than in 2018. We also commend the government's efforts in trying to help SME
X	No	housebuilders; however, Planning is only a piece of a much bigger jigsaw of problems that SMEs are facing. This is also evidenced in

the very recent report of the All Party Parliamentary Group for SME House Builders on ways to improve the planning system in **Not Sure** Please provide supporting the UK: https://www.aldermore.co.uk/media/4894/appg-smestatement house-builders-planning-report.pdf We are concerned that government has made several assumptions about this proposed change in approach that are not evidenced or supported by empirical data. No evidence has been presented that SME builders are deterred by the current 10 unit threshold for affordable housing contributions. It is also notable and confusing that affordable housing is only required where it is financially viable to do so. Whilst a Local Planning Authority's expectations and targets can seek a certain percentage of affordable housing, the process of agreeing a contribution is well established. In addition, the proposal entirely contradicts what all local authorities are trying to do, which is delivering affordable housing for the people most in need. There is ample evidence that we are granting permissions: 371,000 consent for new homes have been granted in 2019, and 241,000 homes have been delivered. It is acknowledged that the time taken to deal with planning applications can take longer, but this is mainly to negotiate on schemes to get them right rather than refuse them. SME builders are already benefitting from flexibility on Community Infrastructure Levy (CIL) payments. The deferred payment approach as has been implemented for CIL was a welcomed measure to help those struggling with cashflow whilst ensuring local authorities and ultimately local communities still receive contributions towards infrastructure. The proposal to increase the threshold to 40 or 50 units is entirely at odds with the approach that was taken on CIL payments as local authorities and people most in need of affordable housing will lose out and there is no ability to claw back financial contributions or indeed provide on-site affordable housing to achieve mixed and balanced communities. The consultation document acknowledges that there will be a Q21. Do you agree with the proposed approach to "trade-off between introducing measures to increase the number minimising threshold of developable small sites and the importance of securing section effects? 106 planning obligations to deliver affordable housing including First Homes". Yes The Council strongly believes that this change in approach will not deliver the desired effects. For example, in Richmond, where the \boxtimes No majority of sites are small sites and being delivered by SME builders, we know through liaison with developers and through **Not Sure** our monitoring that sites are being progressed and built out. Please provide supporting statement Therefore, we are of the view that such a change is neither necessary nor would it achieve the desired effect of building out sites more quickly. In addition, in most instances, land

	transactions have already occurred. Over time and particularly if this change were to become permanent, it would affect the land value and the price to be paid for a site, which would increase due to less costs and 'savings' made by developers at the application stage.
Q.22. Do you agree with the Government's proposed approach to setting thresholds in rural areas?	No comment as this Council is not a rural authority.
☐ Yes ☐ No ☐ Not Sure Please provide supporting statement	
Q23. Are there any other ways in which the Government can support SME builders to deliver new homes during the economic recovery period?	There are a number of proposals contained within the report by the All Party Parliamentary Group for SME House Builders on ways to improve the planning system in the UK: https://www.aldermore.co.uk/media/4894/appg-sme-house-builders-planning-report.pdf
□ Yes □ No	
Not sure Please provide supporting statement	

Extension of the Permission in Principle consent regime

Q24. D	o you agree that the	The Council does not consider that the Permission in Principle
	ermission in Principle	(PiP) consent regime should be available to any development at
	remove the	any scale, the reason being that it shifts all of the detailed
restrict	ion on major	consideration to the Technical Details consent stage at which
	pment?	point there may be matters of detail which make the scheme
		unacceptable in planning terms. It should be noted that
	Yes	Brownfield Land Registers and the ability to apply for Permission
		in Principle consent have now been in place for a few years (since
\times	No	2017) and the above is likely the reason that it is not commonly
	-	used. Simply put it gives no certainty that the proposal will
	Not Sure	ultimately be acceptable, and construction would be able to begin,
Please	provide supporting	developers therefore continue to use the planning application
statem		system. In a heavily constrained borough like Richmond it is likely
		that the details are important and key to the acceptability of a
		scheme. It is not clear how for example the flood risk Sequential
		Test and Exceptions Test requirements could be met using a PiP.
		Given the move away from outline permissions which were simply
		a red line around the site to the requirement to produce
		parameter plans then to return to a similar process which is less
		onerous in consideration would not be an improvement.
		onerous in consideration would not be an improvement.
		It is noted that the consultation document does not specify the
		scope of a major development, although the paper notes that,
		currently, "84 per cent of planning applications for residential
		development are for schemes of 10-150 homes, which deliver 46
		per cent of new housing development each year".
		However, whilst the Council has an extensive Brownfield Land
		Register (Part 1) in place, the route of applying for PIP has only
		been used once in Richmond borough, and consent was refused
		due to an objection in principle on the proposed use of the land; it
		is also worth noting that there has been only 55 appeals on PP
		applications in England and 9 of those allowed; perhaps these
		should be reviewed by MHCLG.
03E C		Whilet are governed as were out on the DiD presented as eat out in
	nould the new	Whilst our general comments on the PiP proposals as set out in response to Q24 above should be noted, the Council does not
	sion in Principle for	•
-	development set any the amount of	consider it necessary to limit the amount of commercial development part of a PIP. However, our comments in relation to
	ercial development	the timescales and fees in the subsequent questions should also
	·	be noted.
(providing housing still		be noted.
occupies the majority of the		In addition, it would be helpful if a definition could be provided for
floorspace of the overall scheme)? Please provide any		"housing-led" and "majority of floorspace" to avoid any confusion
comments in support of your		between developers/applicants and local planning authorities.
views.	anto in Support of your	Section developers, applicants and local planning dutiloffices.
1.000		
	Yes	
	103	
X	No	

□ Not Sure Please provide supporting statement Q26. Do you agree with our	The Council is concerned that the consultation document assumes
proposal that information requirements for Permission in Principle by application for major development should broadly remain unchanged?	no changes will be necessary in relation to the current process set out in regulations for granting PIP by application, i.e. in relation to the 5-week determination period and the 14-day period for consultation with the public and statutory consultees.
If you disagree, what changes would you suggest and why?	Whilst we acknowledge that it is desirable to get an early decision on the principle of development, the 5-week period is already considered challenging for 'minor' development. However, the new proposal is to extend this to major developments (subject to
□ Yes	some limitations), and a 5-week period is entirely unsuitable for determining the principle of development on major sites. We
⊠ No	strongly encourage the government to increase the determination period to at least 8 weeks or ideally 10 weeks, with a 21 day
□ Not Sure Please provide supporting statement	statutory consultation period. This will allow for a more genuine consultation with the local community as well as with statutory consultees. Statutory consultees are often under a lot of pressure and unable to provide comments on time. There is a risk that if the 5-week period is not increased, that PiP consents will be refused as there was insufficient time to fully consider all the matters around the principle of the development in that short timescale. In addition, we are also concerned that there is a potential "democratic deficit" for member engagement. it is almost impossible to take a PiP to Planning Committee within the 5-week determination period, and this is of particular concern in relation to major developments that may raise several local objections with potentially major impacts on our local area.
	In terms of the information requirements, we are content that these can broadly remain as they are, with the Technical Details consent stage covering the detailed development proposals. There are however several areas where additional information should be requested: - "Amount of development": this is a relatively broad phrase; we are fully aware that requiring more detail at the PIP stage would add further complexity to the determination of the PIP, but if timescales for the PIP process were to be amended, then more information in relation to the "amount of development" would be welcome. - "Distribution of uses": for larger scale proposals with a mix of uses and not just residential development, a plan with information to show the distribution of uses on the site should be submitted as this would help considering constraints, e.g. flood zones.

"Type of development": this should ideally also be specified, such as flats / houses etc., all of which will determine the overall "amount". Q27. Should there be an If government is minded changing the timescales for the additional height parameter determination of PiP schemes, e.g. to 8 weeks or ideally 10 weeks for Permission in Principle? as set out in response to Q26 above, a height parameter would be Please provide comments in welcomed. A height parameter may provide greater clarity for all support of your views. about the scale of development that is acceptable for a site and is a key factor in the consideration of the principle of development in established built-up areas, particularly in urban locations. Yes Height is also a key determinant in establishing the amount of No development that can be achieved on a site. \times Not sure We agree however also with government's analysis as set out in Please provide supporting the consultation document that the inclusion of a maximum statement height parameter would add further complexity to the determination of the PIP as it starts to bring in design considerations. This borough has a significant amount of designated heritage assets; townscape elements and other sensitivities relating to height are important considerations in the majority of schemes. This is one of the reasons why the extension of the PiP to major schemes is not supported. Adding further considerations, such as height, will however require time and resources. If government is not minded changing the timescales for PiP or if the fees are not commensurate to the types of schemes (with the provision of cost recovery – see responses to Q29 and Q30 below), then we wouldn't support the inclusion of a height parameter as it would not be possible to assess this in 5 weeks. In this case, local planning authorities will have to rely on guidance and Local Plan policies on acceptable heights or guidance/policies on land that is suitable for taller developments, and this would need to be assessed at the Technical Details stage, where other factors such as local context and surrounding area, impacts on neighbouring dwellings etc. can be fully considered. Another aspect to consider is that if a PiP sets a maximum height parameter, then it is likely that schemes will be designed to this limit without due regard to the surrounding area, context etc. and therefore resulting in development which is not acceptable. Q28. Do you agree that The consultation document notes that local communities should publicity arrangements for have the opportunity to make representation on major development that might affect them. As stated in response to Q26 Permission in Principle by application should be above, the timescale for determination of 5-weeks is incredibly extended for large tight, and should this not be amended, we agree that local developments? If so, should communities need to be notified quickly about such an local planning authorities be: application. The temporary regulations introduced in May 2020 around the publication of applications has been a welcomed measure. This

_	i) required to publish a notice in a local newspaper? ii) subject to a I requirement to se the application or iii) both?	Council would support amendments to the publicity requirements for PiP to enable similar flexibility rather than the traditional publicity requirements. As an example, publishing notices in newspapers that only get printed once a week may result in some loss of time to advertise a proposal, particularly if the consultation period is only for 2 weeks, and the determination period 5 weeks. Since the start of the Covid-19 pandemic, the Council has also embraced even further the use of social media, and we therefore believe that many local residents would prefer more digital means
	Iv) disagree	of communication rather than traditional publicity.
If you disagree, please state your reasons. Please provide supporting statement		Given there could be very significant increases in the scale of development to be granted PiP, we consider that a requirement for a statutory site notice should be embedded in order to address neighbour notification; however, this will also need to be reflected in the proposed revisions to the fee (see response to Q29 below) as costs in relation to publicity requirements can easily add up; for example adverts in local newspapers are very expensive and not necessarily considered to be effective in informing those that could be affected by a particular development. Due to the currently proposed retention of the 5-week determination period, the requirements shouldn't be too onerous on the Council to notify neighbours.
propos	o you agree with our al for a banded fee ire based on a flat fee	The Government is proposing to adjust the application fee regime to increase the cost saving in comparison with a traditional application for outline planning permission.
per hectarage, with a maximum fee cap?		The consultation document highlights that under the current fee structure for PiP, an application for a 1-hectare development would cost approximately £4,000. It notes that this appears
	Yes	relatively expensive considered that the cost of an Outline application is £4,600. The options analysed in the consultation
X	No	document are clearly set out. Richmond Council agrees that option b) is not practical as a fee
☐ Please statem	Not Sure provide supporting ent	based on the actual number of dwellings would not be appropriate as we will not know the exact number of units until the Technical Details consent application.
		We note that government prefers a simplified banded fee structure (option c of the consultation document). Whilst this may appear to be the simplest option, it fails to recognise that even small sites of 0.2 to 0.3 hectares can raise a number of complex issues, such as in relation to heritage matters or flood risk, which could necessitate substantial liaison with statutory consultees, and which would affect the principle of development. Negotiations may also need to be held in terms of proposed land uses, their distribution and particularly minimum and maximum number of residential developments, all of which can be complex and time consuming, especially in built up urban locations. In addition, there are a range of other tasks associated with processing an application, such as in relation to IT processes, publicity and consultation requirements as well as officer resources. Coupled

with the added complexity of only being able to assess the principle of a development, this Council would like to propose adopting a minimum fee per PIP application, such as £300, which would be sufficient for some applications. However, there should be provision for cost recovery with local planning authorities being able to invoice developers with proof of further costs incurred beyond the initial fee prior to the issuing of the final decision notice, particularly for larger or more complex schemes that require significant input and negotiations with statutory consultees, such as the Environment Agency on flood risk matters. Q30. What level of flat fee The current flat fee for PiP consent is £402 for each 0.1 hectare. Whilst we acknowledge that £402 for each 0.1 hectare could add do you consider appropriate, and why? up quite substantially for larger sites, we are concerned that setting the fee too low would mean that we wouldn't be able to devote the resources to the task and prioritise PiP consent applications over others. Ideally, the costs should be based on and calculated on a site by site basis. Perhaps the initial cost could be £300 per 0.1 hectare, with further provisions to enable local planning authorities to recover their costs. See our response to Q29 above. Q31. Do you agree that any Yes. This seems to be a logical proposal as currently Part 2 brownfield site that is comprises only those sites in Part 1 that the local planning granted Permission in authority has decided that the land would be suitable for a grant Principle through the of permission in principle for residential development. application process should be included in Part 2 of the Brownfield Land Register? If you disagree, please state why. \times Yes Nο **Not Sure** Please provide supporting statement Q32. What guidance would The Council would welcome guidance in relation to assessing help support applicants and potential impacts or constraints of adjoining areas or outside of a local planning authorities to site. Also, if a development receives Permission in Principle make decisions about consent, could a development be subsequently refused Technical Permission in Principle? consent due to unacceptable impacts that cannot be mitigated, Where possible, please set and which weren't assessed as part of the PIP process? Clarity out any areas of guidance regarding such matters would be welcome. you consider are currently lacking and would assist In addition, guidance as to what factors can be taken into account stakeholders. when making a decision on a PiP application would assist both applicants and the local planning authority. A particular issue we have knowledge and experience of is in relation to the 'amount of development' in the guidance, which is a relatively broad phrase. Whilst we are fully aware that requiring more detail at the PiP stage would add further complexity to the determination of the

PiP, a more detailed requirement on the 'amount of development would be helpful.

Regulatory Impact Assessment

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

Granting of Permission in Principle does not guarantee that a subsequent Technical Details application will be approved.

Therefore, one of the drawbacks is that developers may have to take into account additional costs in the longer term, particularly if the Technical Details stage flags up some fundamental issues with a scheme that are difficult to mitigate.

In addition, the PIP process and consent wouldn't give developers

In addition, the PIP process and consent wouldn't give developers any certainty on planning obligations that may need to be delivered as part of the scheme or that might be payable in order to grant Technical Details consent.

Regulatory Impact Assessment

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

To date, Richmond Council had 1 application for Permission in Principle. Almost all development in Richmond takes place on brownfield land and given there's been no take up of the PIP process in this borough, this would suggest that this process is not necessarily needed when redeveloping existing developed sites / brownfield land. In addition, Richmond borough is a highly desirable place to live with high land values and high build out rates; this would suggest that developers prefer submitting a full planning application (preceded by a pre-application) rather than go through a PiP and Technical Details process.

Public Sector Equality Duty

Q35. In light of the proposals set out in this consultation, are there any direct or indirect impacts in terms of eliminating unlawful discrimination, advancing equality of opportunity and fostering good relations on people who share characteristics protected under the Public Sector Equality Duty?

If so, please specify the proposal and explain the impact. If there is an impact – are there any actions which the department could take to mitigate that impact?

It is not clear how the PSED has been fully considered, with no details to show the reduction in other affordable housing tenures will be 'relatively small'. As set out elsewhere in this response, the proposal will replace other affordable home-ownership products and will compete with genuinely affordable housing e.g. for London Affordable Rent/Social Rent, which will significantly impact on our ability to meet priority local needs given there are few opportunities to deliver affordable housing in LB Richmond.

As identified and notably those approaching the Council for urgent housing assistance are often the most vulnerable and also a significant minority will identify themselves as BAME. To characterise these will be households that will be generally on very low incomes and where social housing helps achieve a level of stability to progress. If supply of this housing reduces temporary accommodation use will increase. It is self evident and can be evidenced that this will be the case in Richmond as the changes across the piece will reduce the delivery of genuinely affordable housing.

It is difficult to understand how these matters have been fully considered particularly as these impacts will be more significant in some boroughs and areas than others.

Final Question

Have you responded to a	Yes
Government consultation	
before?	
⊠ Yes	
_	
□ No	