



Planning for the right homes in the right places

RTPI Response to DCLG consultation

1. We welcome the opportunity to respond to this consultation. We acknowledge forms part of a suite of policy and legislative proposals outlined in the Housing White Paper. Since context is important, it would be remiss of the RTPI not to express again our strong concerns about the what we consider to be a continued disproportionate focus on a succession of small changes to the planning system and planning policy at national level as a key part of the Government's approach to the housing crisis.
2. Our paper [*Better Planning for Housing Affordability*](#)¹ sets out in more detail the problems that have arisen through this long standing approach. Despite it broadly characterising successive Government attitudes over a number of years, there has actually been rather limited headway made in meeting overall housing delivery and even less in addressing the crucial issue of housing *affordability*. One reason for this is the mistaken belief (which has been operative for some decades now) that simply having more planning permissions for housing *per se* will deal with the problem.
3. The changes in housing need methodology are justified by the assumption that increasing the housing need figure, and therefore the level of housing land provision, will increase the amount of housing that is built, and that this in turn will lead to lower prices and improved affordability. The evidence offered is the Barker Report (2004) and the projections by NHPAU (2008). Both of these sources in fact demonstrate that prices are extremely insensitive to new build
4. For too long analyses of the housing market used in Whitehall have concentrated on "supply" issues with no attention focused on demand. Future proposals need to be considered very carefully and not just with a housing focus. They must be set in a broader context of the aims of planning and its ability to shape markets, improve the lives of people and protect the environment.

¹ Published in February 2017. Available at http://www.rtpi.org.uk/media/2220516/rtpi_better_planning_housing_affordability_position_paper_-_february_2017.pdf



5. We therefore strongly repeat our call for Government to do more to act on its acknowledgment that planning system is a very small part of fixing the housing crisis, of which there is not one, but many with differing factors depending on their location. We believe that current Government policy overlooks the range of other factors involved, and therefore the range of other solutions that can be brought to bear on the problem. We encourage the Government to look also to other areas for solutions, for example:
 - Building on current progress and restoring real devolution to strategic level authorities which are able to grapple with transport, employment, skills and housing in a joined up manner. This would include the ability of such authorities to raise and spend resources, so that they are incentivised to allocate land for housing and convert that land into completions in a sustainable and popular manner
 - Seriously addressing issues in the national economy such as the availability of credit and the nature of property taxation,
 - Making more funding available for local authorities and housing associations to build social housing to support people who can't afford market prices and rents. This would also serve to reduce the amount of money government pays to private landlords in housing benefit, and help diversify the housebuilding market.

Question 1 – Do you agree with the proposed approach to assessing local need? If not, what alternative approach or other factors should be considered?

6. We welcome the new process insofar as it will prevent opportunities to depart from guidance, be more transparent, simplify and speed up the plan making process. We also think that having a clearly defined baseline can help direct discussions towards *where* housing will go rather than focusing on the numbers.
7. However, the methodology does nothing to address the system's tendency to base housing growth on past trends rather a more forward-looking strategy to also take into consideration future growth aspirations or employment projections. Examples of such aspirations could include the Government's plans for the Oxford-Cambridge corridor or the Northern Powerhouse.
8. At a more local scale there are also difficulties in losing the Housing Market Area approach and placing such a focus on "need" originating in specific local authority districts. For one thing it is not clear why an entire county like Wiltshire (a unitary authority) should be a sensible basis for housing need assessment but not a county like Leicestershire simply because it happens to be divided into districts. The need is the same need.
9. The focus on a particular current administrative settlement produces further problems. The consequent focus on past performance in housing completions



within particular jurisdictions, and therefore household creation, rewards areas that have for various reasons such as past planning policy have had very low housing completions. This ignores the future role such areas might have in meeting the housing needs of the housing market area as a whole. Effectively this is a circular argument in which past planning policy is the key driver in determining future planning policy. A rather curious arrangement.

10. DCLG intends that such difficulties will be sorted out via the Statement of Common Ground. Our concern is that the *methodology* provides *political* justification for the status quo which it will be more difficult to overcome than under the current (already tough) circumstances.
11. The ONS figures used are too short term and only take a snapshot upon which to base future projections. As an example, the spreadsheet published alongside this consultation uses figures from 2009 to 2014, which saw heavy migration from the north of England to the southeast and base future projections on a recessionary pattern of development. This arguably undermines other rebalancing strategies the Government is exploring. Further, whilst we acknowledge the numbers are a starting point, it is quite clear that the deliverability margins above and below the figures will be significant, which leads us to question how useful the numbers are, even as a starting point.
12. Therefore, notwithstanding our response to question 4, one solution to this would be to explore the possibility of introducing longer term sensitivities into the ONS figures. These could be for all areas or just major cities. This would offer the chance for local authorities to have a simpler, yet more nuanced conversation about their needs at stage one of the process. It would not be as simple as the proposed approach, but would be simpler than the current system, as sensitivities would take into account economic growth scenarios. They would also remove potential uncertainties later in the process when deciding whether authorities can opt for a higher-than-baseline-figure. We would not want to open up ONS calculations to a level of scrutiny that invite endless challenge, but we should explore how to add more sensitivity. Whilst not a perfect model, the Scottish HNDA tool has been cited as an example from which such a model could be based.
13. Finally, the average house price to average earnings ratio does not make provision for different size, tenures and type of housing. Although it is understood from the consultation that housing need should be disaggregated from the baseline figure (which we respond to in question 10), should a local authority find that a high proportion of a particular type is needed for their local area this will impact significantly on the overall volume of housing the local authority can be expected to accommodate in a five-to-ten-year timeframe. Increasing volume alone is unlikely to have a significant impact on affordability of the local stock, at least in the short term. Both the Barker Report (2004) and the projections by NHPAU (2008) demonstrate that prices are extremely insensitive to new build



because new build is only about 10% of the market². And it is likely that if additional output did in fact if succeed in lowering prices, builders would stop building. A steer in Planning practice guidance could be one way to address this issue

Question 2 – Do you agree with the proposal that an assessment of local housing need should be able to be relied upon for a period of two years from the date a plan is submitted?

14. It would be better if it could be fixed from the Regulation 19 stage of a Local Plan, which is the version that the LPA has to submit. However, we do not think that it should be the only consideration for triggering a review. Plans should be considering a wide spectrum of factors which shape the built environment; retail and employment, for example.

Question 3 – Do you agree that we should amend national planning policy so that a sound plan should identify local housing need using a clear and justified method?

15. Yes.

Question 4 – Do you agree with our approach in circumstances when plan makers deviate from the proposed method, including the level of scrutiny we expect from planning Inspectors?

16. The consultation suggests a light-touch policy approach. What is unclear from the approach is whether a growth based uplift in housing numbers is to be treated as an expectation or an exception. The unintended consequences of this could be severe for some areas' growth ambitions. The argument that growth is taken into consideration because as the economy grows, demand will be higher, places will become more unaffordable and therefore housing numbers will go up, is too simplistic.
17. There is also concern that a policy light approach will end up defeating the object of the methodology (i.e. to simplify the process) by creating an environment of uncertainty over what Inspectors should consider to be a compelling case for higher than baseline numbers. Whilst we understand that it is the economic factors within the current OAN methodology that are currently the subject of lengthy debate, the alterations as a result are minimal. The problems become apparent when the 5 YHLS is debated at Inquiry.
18. We think there may be 4 options to deal with this:

² The very first table in the Barker Report states that a 70,000 increase in annual national output would 'price into the market' only 5,000 more households per year, and then only after 10 year at that rate.



One: Ensure that policy guidance sets more defined parameters of economic predictors that would justify higher housing growth ambition.

19. Whilst the RTPI is generally against a proliferation of *unnecessary* guidance, in this case it is considered a justification can be made. The example given in the consultation such as increased employment ambition, a Local Enterprise Partnership Investment Strategy, a bespoke housing deal with Government or the Industrial Strategy are good examples of what the parameters could be.

Two: A requirement for an OAN to take into account a local planning authorities' economic growth strategy (elsewhere in the local plan)

20. We understand that economic growth strategies are not an exact science, they can be difficult for Inspectors to get to the bottom of and economic growth predictors in housing calculations can cause delays in local plans. A balance needs to be struck between speeding up the process and not stifling growth ambitions but we think it should be explored. This would be a cyclical process, as an economic growth strategy should also be based on the *deliverability* of the Council's 5 year housing land supply.

Three: Introduction of a parallel single methodology that would offer employment growth.

21. The different methodologies that currently exist vary significantly. We also understand that growth strategies set out by Local Enterprise Partnerships are not detailed to an extent that would withstand scrutiny at inspection (which we also think needs to be addressed). We also understand that growth projections offered by the LPEG review group further exacerbated this trend

Four: As we have said in our answer to question 1, addressing stage one of the process so that plan makers can chose from a range of "sensitivities" which would take into account economic forecasts.

Question 5 –

- a) **Do you agree that the secretary of state should have discretion to defer the period for using the baseline for some local planning authorities? If so, how best could this be achieved, what minimum requirements should be in place before the secretary of state may exercise this discretion, and for how long should such deferral be permitted?**

22. Yes. For example this would be helpful in in London, where there is a firm statutory process for cascading housing numbers to local planning authorities,. Deferral should be permitted until the publication (adoption) of the London Plan. Some Local Plans may be sufficiently complex that they will spend longer than 2 years in Examination. In this case, allowing a different baseline period would enable plans to be brought the process most efficiently. Any other approach may



risk delaying or preventing progress on joint local plans if they require longer examination periods.

- b) **Do you consider that authorities that have an adopted joint local plan, or which are covered by an adopted spatial development strategy, should be able to assess their five year land supply and/or be measured for the purposes of the Housing Delivery Test, across the area as a whole?**

23. Yes, but we think this depends on the detail of the Housing delivery test.

- c) **Do you consider that authorities that are not able to use the new method for calculating local housing need should be able to use an existing or an emerging local plan figure for housing need for the purposes of calculating five year land supply and to be measured for the purposes of the Housing Delivery Test?**

24. We agree to this.

Question 6 – Do you agree with the proposed transitional arrangements for introducing the standard approach for calculating local housing need?

25. The 31st of March deadline is approaching quickly. Considering that the methodology is currently only out to consultation and we have not had the final methodology, we are concerned that those authorities who need to find additional sites to meet raised requirements would not have time to do so. Any such authority would now have to postpone its plan if it had otherwise intended to publish in the Spring of 2018.

26. Our proposal to base the system on the Regulation 19 plan (see Question 2) could be employed to help here.

Question 7 –

- a) **Do you agree with the proposed administrative arrangements for preparing the statement of common ground?**

27. The RTPI have repeatedly called for issues of cooperation and strategic planning to be strengthened by linking incentives to cooperate to government's and its agencies' capital investment decisions. See our paper on [strategic planning](#)³ for more details.

28. We agree that housing market areas should be used as the geographic area to cover statements of common ground. Guidance should also be strengthened to bring issues of cooperation further forward in the plan making process. Rather than considering whether you can accommodate need first and then talk to

³ <http://www.rtpi.org.uk/media/1230885/RTPI-Strategic%20Planning-Brochure%20FINAL%20web%20PDF.pdf>



neighbouring authorities if you cannot, guidance encourage a holistic consideration of the HMA from the outset. From a practical point of view, it seems an unnecessary and costly process for authorities within an HMA to have to re-sign a SCG every time one of them reaches a milestone in a local plan. It could be possible to issue guidance explaining that once agreed, an SCG will be assumed sound for a set period. There could also be an added incentive to SCG's if Inspection of a LPA's plan could only commence if all LPA's within the HMA had signed up to the SCG.

b) How do you consider a statement of common ground should be implemented in areas where there is a Mayor with strategic plan-making powers?

29. We do not think it should be duplicated, for example, in Mayoral plans.

c) Do you consider there to be a role for directly to elected Mayors without strategic plan-making powers, in the production of a statement of common ground?

30. Yes

Question 8: do you agree that the proposed content and timescales for publication of the statement of common ground are appropriate and will support more effective co-operation on strategic cross-boundary planning matters?

31. Yes

Question 9

a) do you agree with the proposal to amend the tests of soundness to include that:

i) plans should be prepared based on a strategy informed by agreements over the wider area; and

ii) plans should be based on effective joint working on cross-boundary strategic priorities, which are evidenced in the statement of common ground?

b) do you agree to the proposed transitional arrangements for amending the tests of soundness to ensure effective co-operation?

32. We agree to this.

**Question 10**

- a) **Do you have suggestions on how to streamline the process for identifying the housing need for individual groups and what evidence could be used to help plan to meet the needs of particular groups?**
33. As a stakeholder, we would welcome an invitation from Government to engage in updating the existing guidance, as suggested in the consultation. We suggest that more guidance should help authorities disaggregate the baseline figure to get the right mix of homes, rather than at a later stage.
34. We support the Chartered Institute of Housing's recommendation that this should include making available data at sub-local/ neighbourhood level, including in respect of economic growth, and more guidance on the approaches LPAs should take when developing additional research. We have also produced a [joint statement](#) with POS, the DCN and CCN on how to speed up local plans generally.
- b) **Do you agree that the current definition of older people within the National Planning Policy Framework is still fit for purpose?**
35. We think there is a case for an additional requirement to consider the needs of people over 85, given the current and future growth in projected numbers of households of this age.

Question 11

- a) **Should a local plan set out the housing need for designated neighbourhood planning areas and parished areas within the area?**
36. We support measures to aid both neighbourhood plans and local planning authorities plan for more housing. However, growth should be planned close to existing services and infrastructure which may not be the case in some neighbourhood planning areas. Therefore a standard requirement may be detrimental to a LPAs strategic aspirations.
- b) **Do you agree with the proposal for a formula-based approach to apportion housing need to neighbourhood plan bodies in circumstances where the local plan cannot be relied on as a basis for calculating housing need?**
37. This would perpetuate restrictions on growth for many small areas, including rural ones and would not address the higher affordability pressures that these areas face (where use of work-place based lower quartile house price to lower quartile earnings would better reflect the affordability issues). Any approach needs to allow flexibility where areas have ambitions to grow.



Question 12 – Do you agree that local plans should identify the infrastructure and affordable housing needed, how these will be funded and the contributions developers will be expected to make?

38. Good practice is for local plans to be backed up by local infrastructure delivery plans which include what infrastructure will be needed, when it will be provided and by whom. Housing not supported by infrastructure would not meet the delivery test in the NPPF. However great care should be taken in government policy not to place too high an expectation on developers contributions (which does seem to be the tone of the question). Such delivery plans will need to set out the role for central government departments, the NHS, government regulated utilities companies and Network Rail. Government departments have a crucial role in ensuring that they pull the relevant levers to make this happen.
39. We support the opportunity for local discretion in setting thresholds for affordable housing contributions. The Rural Coalition (of which the RTPI is a member) is concerned that current thresholds effectively rule out affordable housing provision in villages.

Question 13: in reviewing guidance on testing plans and policies for viability, what amendments could be made to improve current practice?

40. The guidance should provide support for the Existing Use Value plus (EUUV+) methodology. We also think there should be further steer from DCLG and other departments about the relationship between infrastructure expectations from planning gain and infrastructure provided through general taxation, such as utilities.

Question 14: do you agree that where policy requirements have been tested for their viability, the issue should not usually need to be tested again at the planning application stage?

41. We agree but understand that there may be exceptions in some circumstances in light of market changes and costs. National policy should make it clear that there has to be a very good reason (i.e. exceptional circumstances) to diverge from the locally adopted Plan policy. The flexibility in the planning system is not there in order to underwrite developers' poor land buying decisions and landowners' aspirational values.

Question 15: how can Government ensure that infrastructure providers, including housing associations, are engaged throughout the process, including in circumstances where a viability assessment may be required?

42. To some extent repeating our answer to Question 12, central Government departments have a key role in exerting influence on agencies and companies under their control or regulation to cooperate with local planning authorities in plan making. It has taken a long time, but concerted effort has played off for



example with what is now Highways England, which in the previous decade had frequently engaged only at the last minute with plans. However a lot of work remains to be done with other providers, especially in the social infrastructure area which is of concern to residents.

43. On the housing side Government could work with Registered Providers and Homes England, to collate data and publish annual affordable housing transfer values for each local authority area. We understand that currently different Authorities across England have different requirements for testing affordable housing transfer values as part of the viability process. For instance many LPAs request the Applicant to secure offers from Registered Providers and these offers therefore establish the Transfer Value. This is a clearly a time consuming process and can only take place once a specific scheme is presented. At the plan making stage therefore it would be appropriate to have 'indicative transfer values' which will enable appropriate testing to take place and this must be combined with testing the tenure mix too.

Question 16: what factors should we take into account in updating guidance to encourage viability assessments to be simpler, quicker and more transparent, for example through a standardised report or summary format?

44. We think that the London viability protocol, is a good example. We suggest that better guidance that helps professionals balance transparency with issues of commercial confidentiality would be appropriate.

Question 17:

a) do you agree that local planning authorities should set out in plans how they will monitor and report on planning agreements to help ensure that communities can easily understand what infrastructure and affordable housing has been secured and delivered through developer contributions?

45. We think it is desirable for LPAs to set out in plans how they will monitor and report on how developer contributions are spent.

b) what factors should we take into account in preparing guidance on a standard approach to monitoring and reporting planning obligations?

46. Government could work with software providers to help make sure there are consistent technical solutions to this ready for when the requirement comes into effect to ensure as much of this is automated as much as possible to avoid resource-intensive work. The government should consider providing funding to Councils for this through the new burdens approach as it will take time to commission and set up new systems for doing this. We do not think it should apply to permissions / S106s agreed before the implementation date, only to new ones.

**Question 18:**

- a) do you agree that a further 20 per cent fee increase should be applied to those local planning authorities who are delivering the homes their communities need? What should be the criteria to measure this?
- b) do you think there are more appropriate circumstances when a local planning authority should be able to charge the further 20 per cent? If so, do you have views on how these circumstances could work in practice?
- c) should any additional fee increase be applied nationally once all local planning authorities meet the required criteria, or only to individual authorities who meet them?
- d) are there any other issues we should consider in developing a framework for this additional fee increase?

47. We welcome the Government's intention to increase fees further and would prefer to see it allowed across the board,. This is because of the invest to save principle. If an authority is struggling it will not be able to get out of a vicious circle of low fee income and low outlay on staff. On the other hand in places where housing delivery is moving on apace, ironically there is high fee income. There is a serious risk that basing future decisions on *past performance* will simply lead to a continuation of the status quo. (This exhibits similarity to the problem with using past trends to inform housing "need" as we have pointed out in our response to Q1.).

48. Should DCLG be committed to the principle of limiting the further 20% to a selection of LPAs, consideration could be given to inviting authorities to bid for the right to charge additional funding. In our response to the DCLG Technical Consultation in April 2016, we suggested that higher fees could be awarded in response to demonstrable commitments to

- a. Investment in IT in planning
- b. Joint working across city regions or counties
- c. Training of staff towards profession accreditation

We might add "plausible measures and plans to increase housing delivery, or to maintain current high rates of housing delivery". This package could be a kind of "planning freedom".

Question 19: having regard to the measures we have already identified in the housing White Paper, are there any other actions that could increase build out rates?



49. We would support the Government in seeking a much broader range of suppliers of housing. For example councils are a previously neglected source of supply. We have commissioned research (report to be published on the 4th of December) which will demonstrate how local authorities are doing this, but this can be done at a much larger scale.
50. The growth aspirations of local authorities are often frustrated by the challenges of coordinating infrastructure delivery between the various government departments and agencies. The resulting uncertainty around infrastructure capacity can in turn lead to local concerns and political tensions over the scale and location of new housing, and results in economic plans which are not complemented by the necessary housing and infrastructure.
51. In order to support housing delivery, we repeat our call for government to better integrate infrastructure planning and decision-making with the local plan-making process. The appraisal process for infrastructure should reflect the ability for investment to unlock sustainable sites for housing, as well as to make existing developments more sustainable. This is most obviously required in the transport sector, where decisions over the location of high-capacity, low-carbon transport infrastructure should lead decisions over the location, form and volume of development. Greater certainty over the location, phasing and capacity of infrastructure can provide certainty to house builders, who can in turn contribute to infrastructure costs from the uplift in land value that they provide. Our views on this topic are set out in our three responses to consultations from the National Infrastructure Commission ([2016](#), [2017a](#), [2017b](#)) along with our 2014 paper [Transport Infrastructure Investment](#)). There is still also a significant role for compulsory purchased reform to play too. Landowners will be incentivised to encourage building if there is a risk of losing sites altogether
52. More information can be found on these recommendations and others relevant to meeting housing need through the RTPI's [#16 ways](#)⁴ campaign.

⁴ <http://www.rtpi.org.uk/briefing-room/rtpi-blog/16-ways-to-solve-the-housing-crisis-one-year-on/>.