

Appendix 2: Changes to the current planning system

The standard method for assessing housing numbers in strategic plans

(Changes to the standard method for assessing local housing need, which as well as being a proposal to change guidance in the short term has relevance to proposals for land supply reforms set out in Planning for the Future)

Q1: Do you agree that planning practice guidance should be amended to specify that the appropriate baseline for the standard method is whichever is the higher of the level of 0.5% of housing stock in each local authority area OR the latest household projections averaged over a 10-year period?

Manchester welcomes the opportunity to use a higher baseline, however we have concerns about the proposed use of 2018-based household projections. Whilst Manchester understands the reasons for using the latest projection figures it is concerned with methodological issues within the 2018-based SNPP (and associated SNHP) that has led to undercount of the population in Manchester. These issues have already been highlighted in a letter from the Chief Executive of MCC to the ONS (September 2019).

The result is that the proposed methodology provides a lower figure for Manchester than the current methodology. This is contrary to the Government's stated aims of ensuring a better distribution of homes is achieved with more homes identified in high-demand and emerging demand areas across the country following "powerful representations that the current formula underestimates demand for housing in the growing cities in the Northern Powerhouse by being based on historic trends"

As an alternative, we'd welcome the option to use the high migration variant (recognised as an official statistic by the ONS) to produce a more appropriate Local Housing Figure for Manchester.

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.

Whilst we are not convinced there is a direct link between current stock and new growth, 0.75% of current stock would give a more appropriate figure for Manchester.

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.

In Manchester, there is a significant difference between workplace-based and residence-based earnings due to a large number of workers travelling into the city from neighbouring areas. As such, Manchester believes that the residence-based median house price to median earnings ratio would be more appropriate and would produce a figure more relevant to demand for housing in the city.

Q4: Do you agree that incorporating an adjustment for the change of affordability over 10 years is a positive way to look at whether affordability has improved? If not, please explain why.

The affordability at this point in time is more relevant than the change in affordability over the last ten years. If more relevant measures were used elsewhere in the formula ie the 2018 high migration figure and the residence-based median house price to median earnings ratio, further adjustments would be unnecessary.

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

See above response to questions 3 and 4

Do you agree that authorities should be planning having regard to their revised standard method need figure, from the publication date of the revised guidance, with the exception of:

Q6: Authorities which are already at the second stage of the strategic plan consultation process (Regulation 19), which should be given 6 months to submit their plan to the Planning Inspectorate for examination?

Q7: Authorities close to publishing their second stage consultation (Regulation 19), which should be given 3 months from the publication date of the revised guidance to publish their Regulation 19 plan, and a further 6 months to submit their plan to the Planning Inspectorate?

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

There should be a transitional period allowed for with plans that are at an advanced stage. We do not have a specific view on the timescales proposed.

Delivering First Homes

(Securing of First Homes, sold at a discount to market price for first time buyers, including key workers, through developer contributions in the short term until the transition to a new system. Proposal is for 25% of affordable units to be First Homes on site if possible otherwise via cash contributions. Value of contributions must be at least the equivalent value to current local policy)

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. (NB Government's favoured option)

ii) Negotiation between a local authority and developer.

iii) Other (please specify)

Manchester City Council does not support the First Homes proposal. Introducing a 'First Homes' requirement would also directly displace other homes that meet the needs of those who can't afford to buy i.e. social rented property. The current proposal for at least 25% of all affordable homes to be First Homes redirects limited resources (in the form of s106 contributions) away from funding housing solutions (social and affordable rented homes) for the most vulnerable residents - essentially those most in need of genuinely affordable homes. Government support for long-term initiatives supporting key workers into home ownership is welcomed. However, First Homes is targeting a different occupier profile to existing affordable housing products and as such requires its own affordable tenure financed through a separate funding stream directly from the Government.

With regards to current exemptions from delivery of affordable home ownership products:

Q9: Should the existing exemptions from the requirement for affordable home ownership products (e.g. for build to rent) also apply to this First Homes requirement?

Yes we agree the existing exemptions should be applied.

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

Given our agreement in Q9, we have no further comment for this question.

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

Given our agreement in Q9, we have no further comment for this question.

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

MCC believes LAs should have flexibility to accept alternative tenure mixes where significant work has already been undertaken (including pre-application) prior to the introduction of the new national policy.

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

(NB First Homes must be at least 30% below market value. If reduced further, the need for 25% of units to be First Homes will not change)

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

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

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

Supporting small and medium-sized developers

(Temporarily lifting the small sites threshold below which developers do not need to contribute to affordable housing (currently 10 or fewer dwellings), to up to 40 or 50 units to support Small and Medium Enterprise (SME) builders as the economy recovers from the impact of Covid-19)

*Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period?
(see question 18 for comments on level of threshold)*

MCC does not agree with the proposal to raise the threshold under which developers do not need to contribute to affordable housing. We do not believe that this is an appropriate way of supporting SMEs and have not seen any evidence to suggest that SMEs in particular would benefit from this proposal. It is not reasonable to assume that major housebuilders do not build sites of 50 or fewer units so this is not a targeted approach. The need for affordable housing, however, is well evidenced and MCC does not believe that an opportunity for increasing the supply of affordable housing can be missed even for a limited period.

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

i) Up to 40 homes

ii) Up to 50 homes

iii) Other (please specify)

iii) There should be no change to the threshold. Whilst flexibility in the mix of affordable housing products and tenure could be helpful, the raising of the threshold above which affordable housing contributions are expected could significantly reduce cities' ability to deliver affordable homes.

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

No, MCC does not agree with any changes to the current threshold.

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

No, MCC does not agree with any changes to the current threshold even for a limited period. The need for affordable housing is too important.

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

Given our answers to Q19 and Q20, we do not accept any changes to the current approach.

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

Not applicable to our area.

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

Extension of the Permission in Principle consent regime

(extending the current Permission in Principle to major development (up to 150 units) so landowners and developers now have a fast route to secure the principle of development for housing on sites without having to work up detailed plans first.)

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

MCC does not agree that extending PiP to major schemes is helpful to the economy or practical. Fast track, or automatic permission, has significant risks attached to it and removes democratic accountability and scrutiny from the process. As a minimum the process must consider liveability standards, zero carbon, wider environmental outcomes and economic recovery impacts.

Extending PiP to major developments will undermine our requirements for good quality sustainable development. Applications for major development are often complex and have individual issues that need to be addressed on a case by case basis and therefore need proper scrutiny through the standard planning application process. In para 106 of the consultation document, the Government actually gives an example of why PiP for major schemes is unworkable. It states 'the inclusion of a maximum height parameter would add further complexity to the determination of Permission in Principle as it starts to bring in design considerations, and may in practice lead to greater confusion - for instance, a high height threshold may only be acceptable for part of the site given the impact on neighbouring dwellings.' This demonstrates that maximum and minimum thresholds cannot be agreed in principle without determining first what height is acceptable on different parts of a site?

The whole process discourages developers from spending time discussing plans with local people therefore undermining meaningful consultation. Community expectations will not be fulfilled and the process will prove very divisive.

Q25: Should the new Permission in Principle for major development set any limit on the amount of commercial development (providing housing still occupies the majority of the floorspace of the overall scheme)? Please provide any comments in support of your views.

As set out in our answer to Q24, we do not subscribe to PiP being changed to include major development proposals.

Q26: Do you agree with our proposal that information requirements for Permission in Principle by application for major development should broadly remain unchanged? If you disagree, what changes would you suggest and why?

No, Determining an application for up to 149 units requires more than a 5 week determination time. It gives very little time for the public and others to have their say and for their concerns to be properly considered.

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

Height should be a factor but it is just one of many factors that are essential in making an informed decision on a proposed application. MCC does not believe PiP for major applications is a workable proposal.

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

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

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

iv) disagree

If you disagree, please state your reasons.

Even extending publicity to include newspapers and/or social media will not allow for meaningful consultation given the very tight timescales for determination.

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

No, para 113 states 'We think lower fees are reasonable because a local planning authority only needs to make a decision on the principle of the development, not on the technical details of the development like a normal planning application.' MCC does not believe a decision on principle can be made without considering height, density, layout, access, liveability standards, zero carbon, wider environmental outcomes etc, therefore, the Council is required to determine the application without essential information and within 5 weeks. This is an added burden to the Council.

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

Given our objection in response to Q29, we have no further comment for this question.

Q31: Do you agree that any brownfield site that is granted Permission in Principle through the application process should be included in Part 2 of the Brownfield Land Register? If you disagree, please state why.

There has been very limited take up of PiP in the city so far under current policy and guidance. You will note our objections to the proposals to extend the scheme and hence we do not see PiP providing a helpful way to deliver development.

Q32: What guidance would help support applicants and local planning authorities to make decisions about Permission in Principle? Where possible, please set out any areas of guidance you consider are currently lacking and would assist stakeholders.

There has been very limited take up of PiP in the city so far. You will note our objections to the proposals to extend the scheme and hence we do not see PiP providing a helpful way to deliver development.

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

The scheme will prove divisive in local communities and cause a lack of trust in the Council. The Council are being asked to make decisions on schemes without having all the information which is likely to result in low quality development which is unpopular with local people.

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

We believe that it will not generate much take up as in our experience very few landowners and developers will apply for outline permission. We are concerned that any reduction in fees may result in a rush of applications.

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?