

National Planning Policy Framework consultation event for councillors

Questions via www.Slido.com using the code #5527869
or via the link or QR code noted below

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**We are recording the presentation and will publish it on
the PAS website and share it with you after the event.**

6th September 2024

Structure for the session

- Presentation on the proposed reforms to NPPF and planning:
Will Burgon, Director of Planning, Reform & Housing Quality, MHCLG.
- Q&A with Will and a Panel of councillors
- Panel discussion - reflections from our councillor panel

Our panel of councillors:

Julian German, Cornwall Council

Richard Clewer, Wiltshire Council

Alex Hollingsworth, Oxford City Council

- Impossible to cover everything - Remember this is a consultation



Proposed reforms to the NPPF consultation and other changes to the planning system consultation

August 2024

Our objectives for planning reform



How will we achieve these objectives? Initial proposals

Reversals of some NPPF 2023 changes and additional changes to NPPF

Reforming existing NSIP regime

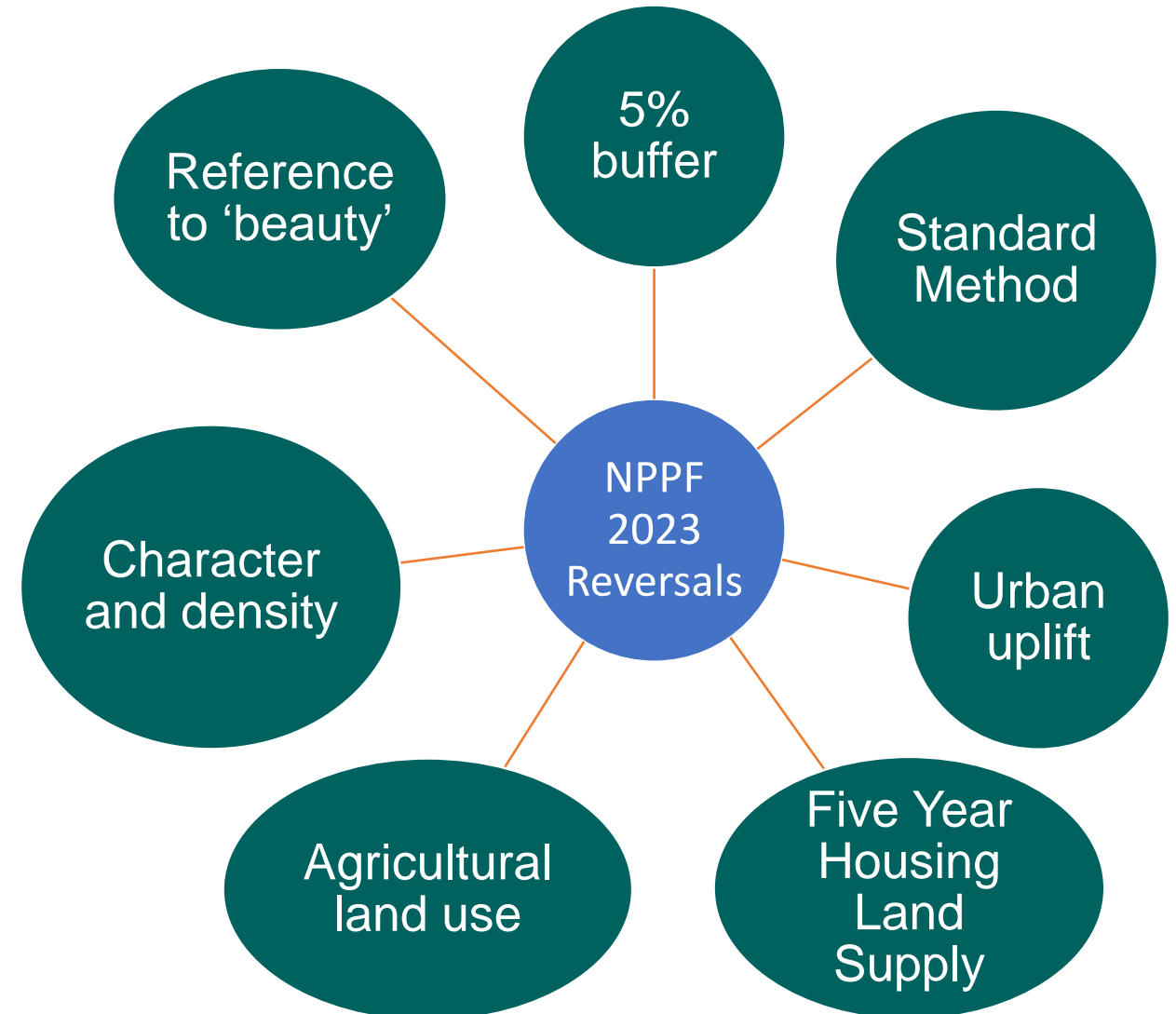
Reforming planning fees

Reforming local plan intervention criteria

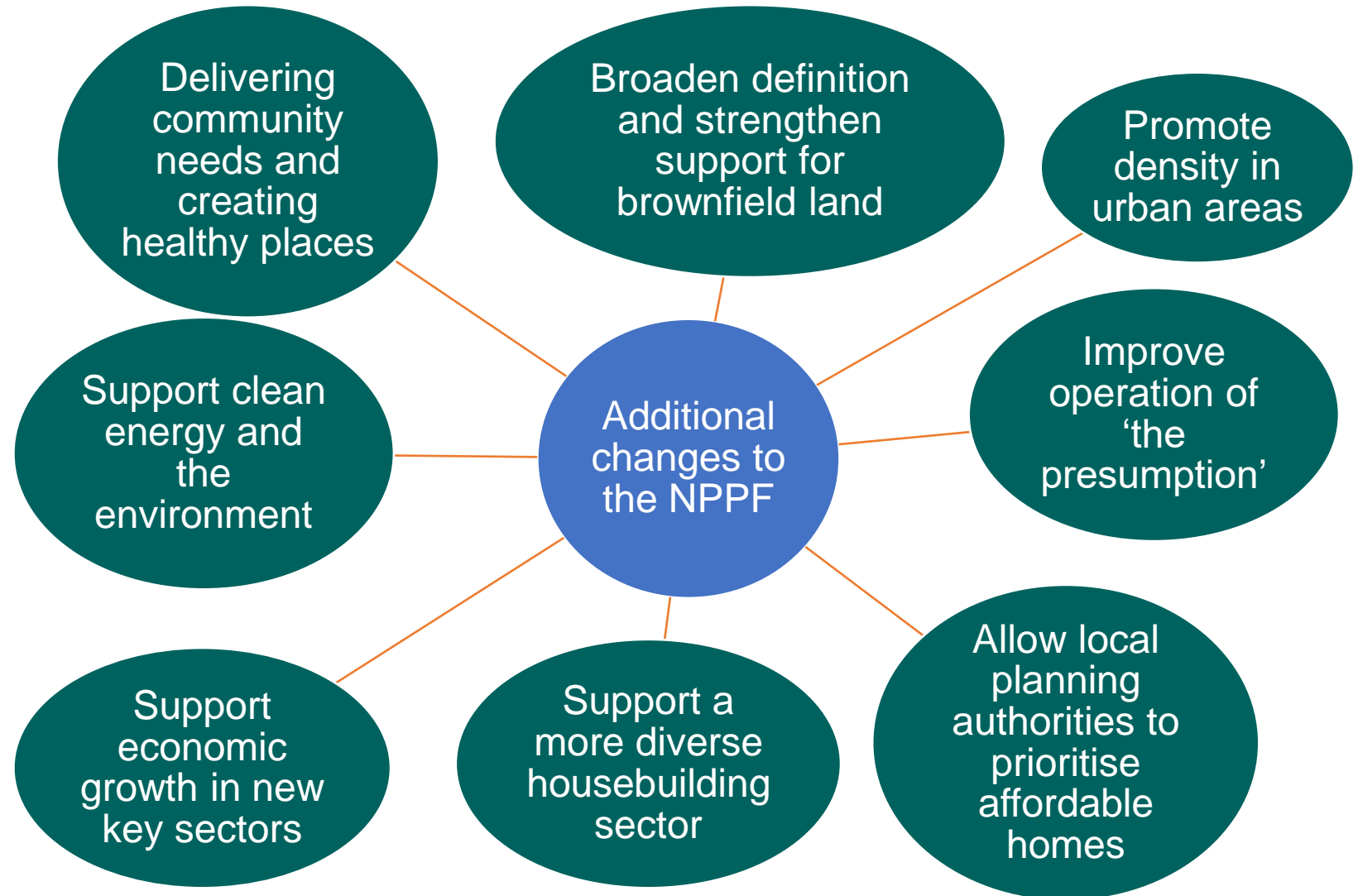


December 2023 NPPF reversals

- Reversing changes which were detrimental to housing supply
- Or which generated uncertainty rather than clarity (e.g. 'beauty')



Additional changes to NPPF



Reforming existing NSIP regime

We are proposing that:

- Data centres, gigafactories and laboratories directed into NSIP regime
- Onshore wind is re-integrated into NSIP regime
- NSIP thresholds increased for onshore wind and solar projects
- Water infrastructure projects directed into NSIP regime

Why change:

- Help drive new sectors that will drive the UK economy
- Ensure transition to green power and boost Britain's energy independence
- Meet commitment to reaching zero carbon electricity generation by 2030
- Support faster delivery of water infrastructure
- Speed up delivery of critical infrastructure

Reforming planning fees

We are proposing that:

- Fees for householder applications are increased to meet cost recovery levels

We are seeking views on:

- Increasing and introducing fees for other application types
- Two possible models that would allow local authorities to set fees
- Increasing fees to fund wider planning services

Why change:

- Current planning fees do not generate enough income to cover costs, results in funding shortfalls and delays in determining planning applications
- Enable authorities to cover the actual costs specific to that authority in determining planning applications
- Introduce greater accountability and transparency to the planning fees system

Strategic planning

What are we proposing?

- Government is clear that we need new mechanisms for cross-boundary strategic planning.

Why Strategic Planning?

- Vital role in delivering sustainable growth and addressing key spatial issues such as meeting housing needs, delivering strategic infrastructure, building the economy and improving climate resilience.

Three Immediate Steps to Strategic Planning

1. Strengthening position in NPPF on cooperation between authorities
2. Working with Mayors to extend existing powers to develop an SDS
3. Identifying priority groupings of other authorities where strategic planning would provide particular benefits



The Standard Method and housing need

What is the standard method?

- 2012-2018 LPAs **assessed their own need** – but costly, complex, failed to plan for homes needed
- **Standard Method** introduced in July 2018 to **simplify the process** of assessing housing needs and to add **transparency**
- **Unconstrained assessment** of the **minimum number of homes** needed in an area
- Gives councils a '**starting point**' for how many homes they should plan for, through their local plan

Drivers for change

- To support the Government's **ambition to deliver 1.5 million new homes** over the next five years
- To provide **greater certainty to the sector** - more stable and predictable outputs
- To achieve a **more balanced distribution of homes** across the country, **where they are most needed** and least affordable
- To have a method that is **straightforward to understand and apply**

Why 1.5m homes? 370k?

- Very clear Manifesto commitment – ***‘Labour will get Britain building again, creating jobs across England, with 1.5 million new homes over the next parliament’***
- Increasing housing supply beyond current levels is integral to providing for population growth, moderating the rate of house price growth and tackling affordability pressures
- Broad consensus that to address the housing emergency we need to deliver well above projections of population growth to deal with decades of undersupply
- We know the existing approach has failed to deliver the number of homes we need. The latest forecasts indicate delivery will fall below 200,000 homes, meaning we need to build capacity into the system to catch up
- 370,000 is a strong signal of the Government’s intent to address the undersupply of homes, restore confidence in the market and get housebuilding on the right trajectory

A new Standard Method

What are we proposing?

- A new standard method - based on **housing stock** (0.8%) and adjusted to reflect **housing affordability**

Other changes to method

- **No cap** – restricting assessed need does not align with housing ambitions
- **No urban uplift** – considered arbitrary by many in the sector. Focused on ‘most populous’ urban LPA only (as opposed to surrounding hinterlands) - and does not account for future growth ambitions of smaller urban areas

Use of the standard method

- Changing policy so that the **standard method should be the only route** to assessing housing needs – making it ‘mandatory’
- **Remove reference to exceptional circumstances** to use alternative approach.
- But will be **some specific exceptions** to be set out in PPG – where standard method cannot be used - National Parks, Isles of Scilly

Why housing stock?

Stock has advantages over household projections

- More **stable and predictable**, less susceptible to fluctuations and allows **longer term certainty**
- Provides a **baseline of existing housing patterns** – long term needs and demands
- **All areas contribute** to meeting the country's housing needs – avoids very low figures in some areas

Why 0.8%?

- Housing stock has grown nationally by 0.89% per year over the last 10 years
- 0.8% provides a level of increase in all areas that is consistent with average housing growth over time
- A baseline which is then built on through the affordability-focused uplift

Why housing affordability?

- Worsening affordability of homes is the **best evidence that supply is failing to keep up with demand**
- To reflect this the new method proposes **increasing the importance** of the affordability uplift
- Uplifted affordability adjustment helps adjust the stock baseline to **reflect where need is greatest**
- Change to 3-year average to **increase stability** in the method

Standard Method outcomes

Outcome of new method

- c.371k across England – 21.7% increase over current method (c305k)
- All regions see an increase except London (c100k down to c80k)
- Approx 80% LPAs see an increase in assessed need
- Focus on City regions, not just core areas to better reflect how our cities operate (Greater Manchester, not just Manchester LPA)
- Recent delivery has surpassed current assessed needs in East Midlands, North East, North West

	Current Method	Proposed Method	Recent delivery
East Midlands	20,793	27,382	22,889
East of England	35,101	44,858	27,768
London	98,822	80,693	37,769
North East	6,123	12,202	8,466
North West	21,497	37,817	27,742
South East	51,251	69,060	40,837
South West	28,203	40,343	24,188
West Midlands	24,734	31,754	21,610
Yorkshire and Humber	18,699	27,433	17,602
England	305,223	371,541	228,871

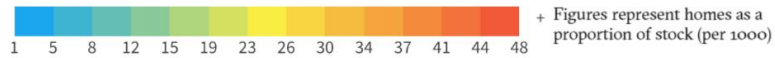
Standard Method outcomes

LICHFIELDS

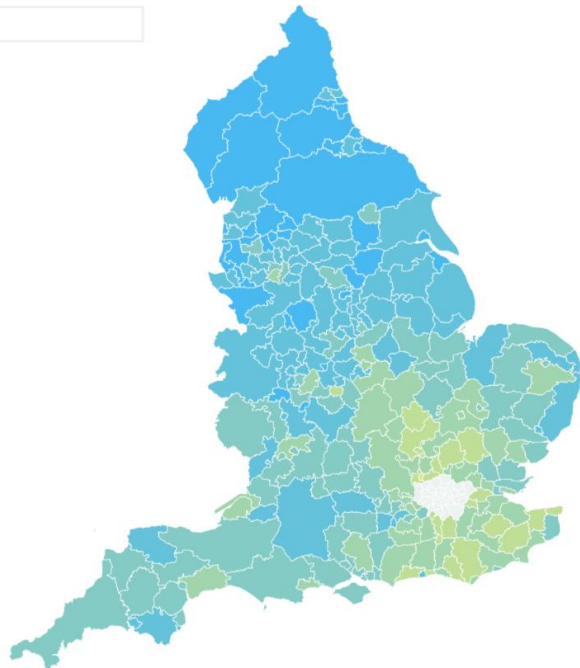
Housing Targets (per 1,000 homes)

Proposed standard method (per 1,000) **Current standard method (per 1,000)**

Current Local Plan (per 1,000) Average delivery (per 1,000)



Q Search..



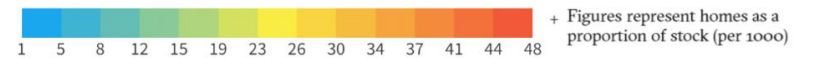
Source: MHCLG 2024, Lichfields Analysis

LICHFIELDS

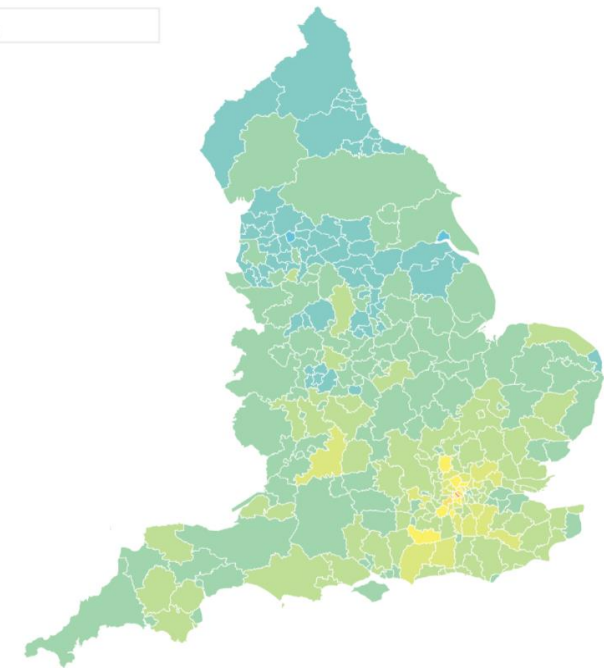
Housing Targets (per 1,000 homes)

Proposed standard method (per 1,000) **Current standard method (per 1,000)**

Current Local Plan (per 1,000) Average delivery (per 1,000)



Q Search..



Source: MHCLG 2024, Lichfields Analysis

Applying the Standard Method

Housing need and requirement

- LPAs **expected to use standard method** to assess need – no arguments over the need figure
- Provides **basis for plan making**, not final requirement – but expected to make all efforts to meet need
- LPAs should continue to **account for local circumstances** when establishing a **housing requirement** – the extent to which identified need can be met over the plan period
 - NPPF Para 11b) – flood risk, SSSI, Habitats, designated heritage assets, and NPPF as a whole
 - Other relevant factors/considerations that may constrain land and delivery – onus on LPA to identify, evidence and justify
 - Unmet needs - DtC remains in current plan system
 - LPAs can and should plan for higher where appropriate (para 67)

- b) strategic policies should, as a minimum, provide for objectively assessed needs for housing and other uses, as well as any needs that cannot be met within neighbouring areas⁶, unless:
- i. the application of policies in this Framework that protect areas or assets of particular importance provides a strong reason for restricting the overall scale, type or distribution of development in the plan area⁷; or
 - ii. any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole.

Brownfield, 'Grey Belt' and the Green Belt

Key Principles

- Maintain a brownfield first approach
- Preserve purposes and overall function of the Green Belt
- Enable a more strategic and targeted approach to Green Belt release
- Local and Plan-Led

Plan-making



- Applies to Housing, Commercial, or Other need
- Authorities should only look to bring forward development in sustainable locations and should continue to prioritise the most sustainable development in the best locations.
- All protections on other important assets and environmental land remain in place.
- Development should not fundamentally undermine the function of the Green Belt over the plan area
- Development must satisfy “Golden Rules”

Decision-making

Previously Developed Land

Redevelopment of PDL not inappropriate where:

- Does not cause substantial harm to the Green Belt
- Seeking views on expansion to include hardstanding and glasshouses

Grey Belt

Development on Grey Belt not inappropriate where LA:

- cannot demonstrate a five year supply of deliverable housing sites; **or**
- the Housing Delivery Test indicates that the delivery of housing was below 75%; **or**
- has a demonstrable need for land to be released for development of local, regional or national importance
- And the development:
 - a) utilises Grey Belt in sustainable locations; **and**
 - b) Provides “Golden Rule” contributions; **and**
 - c) Does not fundamentally undermine the function of the Green Belt over the plan area

Golden rules

Our proposed '*Golden Rules*' requires the following when Green Belt land is released through plan-making or decision-making:

1. In the case of schemes involving the provision of housing, **at least 50% affordable housing**, with an **appropriate proportion being Social Rent**, subject to viability;

2. **Necessary improvements to local or national infrastructure**, and

3. The **provision of new, or improvements to existing, local green spaces** that are accessible to the public.

Aim: Ensure **Green Belt release land fully contributes** to infrastructure, environmental improvements and affordable housing need, while enabling negotiation to allow less viable sites to come forward **only in circumstances where it is absolutely necessary to enable development.**

Golden Rules: principles of viability



Existing Use Value

- The value of the land in its existing use.
- **It is not the price paid** and should disregard hope value.



Landowner Premium

- For viability assessments, it is recognised a **landowner premium above EUV** is needed to incentivise a landowner to bring land forward.
- Current guidance states that plan-makers should establish a reasonable premium using professional judgement and best available evidence.



Benchmark Land Value

- This is comprised of a site's **Existing Use Value (EUV) plus a landowner premium (EUV+)**.

Golden Rules: strengthening viability

Government sets Benchmark Land Values

- We are proposing that Government should set BLVs, to inform local policy making
- We are interested in feedback on where and how BLVs should be set

It will be harder to access viability assessments

- If land transacts at a higher price than the BLV, then viability assessment should not generally be undertaken – contributions below affordable housing policy should be negotiated only if land is transacting at or below BLV

Late-stage reviews should be used if contributions are negotiated downwards

- Late-stage review mechanisms will be undertaken to test actual costs and revenues against assumptions made in the viability assessment
- This will help secure any potential additional contributions

Local plan transition

Universal coverage of ambitious local plans as quickly as possible.

- **Plans at examination** – continue but where there is a significant gap [200+ pa] between the plan and the new local housing need figure, we will expect authorities to begin a plan as soon as possible in the new system
- **Plans at an advanced stage of preparation (Regulation 19)** – continue to examination *unless* there is a significant gap [200+ pa] between the plan and the new local housing need figure, in which case we propose to ask authorities to rework their plans [within 18 months] to take account of the higher figure
- **Areas at an earlier stage of plan development** – prepare plans against the revised version of the National Planning Policy Framework and progress as quickly as possible

Local plan transition

"We recognise that these [transitional] arrangements would require some local planning authorities to undertake unforeseen additional work and reopen engagement with communities. Therefore, the Government will provide direct funding support to help these authorities progress their plans to examination quickly."

- NPPF consultation

"Pragmatism should not be used to address fundamental issues with the soundness of a plan, which would be likely to require pausing or delaying the examination process for more than six months overall."

- Housing Minister letter to PINS

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