

Mid Sussex District Council

Planning for the right homes in the right places: Response to the Consultation Proposals – Technical Response

Introduction

Mid Sussex District Council (MSDC – ‘the Council’) welcomes the opportunity to comment upon the measures proposed in the Planning for the right homes in the right places – Consultation Proposals. The consultation document sets out a range of proposed changes to the NPPF and to planning guidance.

MSDC supports the Government’s intention to ensure that local authorities plan for the right homes in the right places. MSDC welcomes the Government’s intention to publish a draft revised NPPF in early 2018, and a further consultation on the text of the Framework before that time. We note that these changes are also likely to result in amendments to planning guidance.

Before we respond to the questions set out in the consultation document, we briefly set out the planning context for the District.

The MSDC District Plan 2031 has been the subject of a number of Examination hearings, the most recent of which was held on 26th July 2017. At that hearing, the Planning Inspector, Mr Jonathan Bore, advised MSDC that we could proceed towards adoption of the District Plan.

MSDC is therefore currently consulting on Main Modifications to the Plan, and anticipate that adoption of the District Plan will take place in January 2018.

Work has also started on a Site Allocations DPD, which will be adopted in 2020. This Plan will identify sufficient housing sites to enable the Council to meet its housing need to 2031. It will also identify sites for employment, and other community uses.

We are currently holding a Call for Sites, to inform the preparation of the Site Allocations DPD.

Question 1:

a) Do you agree with the proposed standard approach to assessing local housing need? If not, what alternative approach or other factors should be considered?

The Council agrees that a standard approach is required in order to give certainty to communities during the plan process, to reduce inconsistencies, and to reduce the length of time spent at examination on this topic. However, the Council does have some questions and concerns regarding the approach subject to this consultation.

The majority of the Examination hearings (9 days) for the Mid Sussex Plan focused on the District Council’s housing need and planned supply of housing.

The main debate regarding the Objectively Assessed Need (OAN) was the extent to which the Council should increase its OAN to reflect Market Signals, to a level that could reasonably improve affordability. The examination showed that there have

been inconsistencies in the approaches taken by Local Authorities in calculating the 'market signals' element of OAN, and inconsistencies by Planning Inspectors in concluding on soundness in this respect. For example, the conclusions reached by the Horsham and Mid Sussex Local Plan Inspectors have been very different (an approximate 3% uplift applied in Horsham to improve affordability, and 20% in Mid Sussex – despite being based on the same evidence and benchmarking figures).

OAN vs Plan Requirement

Paragraph 9 of the consultation document notes that there is currently a two stage process whereby local planning authorities should start the plan making process with a clear understanding of the homes that they need in their areas, and then determine whether there are any environmental designations or other physical or policy constraints which prevent them from meeting this housing need.

The current method for determining the housing requirement is in two stages: Stage 1: Objectively Assessed Need, Stage 2: Identification of constraints/etc to settle on a 'plan provision' number

Whilst paragraphs 9 and 10 of the consultation explain that the standard methodology relates to Stage 1, the Council feel that issues with Stage 2 are not solely related to the joint working and the duty to co-operate. There has been an inconsistent approach at examinations in assessing the impact of environmental designations or other physical or policy constraints, and some further guidance on the weight to be afforded to such constraints when determining the housing requirement would be appreciated.

Need vs Demand

Paragraph 13 of the consultation document notes that a standard method would be based on three key principles:

- Simple;
- Based on publicly available data; and
- Realistic – to reflect the actual need for homes in each area, taking into account the affordability of homes locally.

MSDC supports these principles as a sound basis for the methodology. However, we note that there is a danger of being over-simplistic in terms of the housing market and the variables that affect house prices. Point (c) in particular confuses need with demand for housing.

Evidence at the Mid Sussex examination showed that there is a high demand for housing within the district due to its location, (proximity to Brighton, Gatwick and London) attractiveness and character. This demand is predominantly from those currently living outside the District – Government published population projections show that migration plays a much greater role in demographic change in Mid Sussex than in other Districts, and this is the predominant factor that drives housing need in this area (around 80% of the increase in population is due to inward migration as opposed to natural change i.e. births outweighing deaths).

Basic economics sets out that price is a function of demand and supply – developers within the district know that they can charge higher prices because demand for

housing in this location is high; therefore people will pay. The effect of this is discussed further below, and is based on our evidence presented at the recent District Plan examination. It was argued at the Examination that no amount of housebuilding in Mid Sussex will reduce price due to the high levels of demand in this district.

The Council believe that proportional price change (e.g. comparators with nearby neighbours/region/etc.) is a better indicator than absolute price (the affordability ratio data). A high price may indicate high demand (e.g. attractive area/better housing stock) or low supply (possibly due to planning), but if an areas prices are rising faster than nearby neighbours this suggests supply is tightening.

Formula

The Council is pleased to see that the formula is easy to follow and can easily be applied by officers, rather than requiring external consultant advisors. However, there are concerns regarding the simplicity of the inputs and whether it the proposed formula over-simplifies a very complicated picture in terms of the housing market and its effect on affordability.

Our first concern is related to the overall total housing number. Paragraph 14 notes that any approach must allow an understanding of the minimum number of homes that are needed across England as a whole. Paragraph 21 notes that the net additions for England are in the region of 225,000 – 275,000 homes. MSDC questions how this figure has been reached, and has been calculated, and whether it represents an objective assessment of housing need.

Paragraph 24 says that there a number of ways of making an adjustment to take account of market signals. Indeed, Planning Practice Guidance sets out six different 'market signals' that should be used (under the current methodology) to determine a level of adjustment required to improve affordability.

- Land Prices
- House Prices
- Rents
- Affordability
- Rate of Development
- Overcrowding

However, the new formula only focusses on the Affordability market signal and disregards the other 5 factors previously thought of as the best indicators of the balance between demand and supply of dwellings. For Mid Sussex, we accept the affordability ratio (ratio between house prices and wages) is high, however the other market signals are favourable compared to local and national levels. The formula doesn't account for affordability of rented accommodation, for example. The Council argued at examination that, on balance of all the market signals, there did not appear to be a need for any significant adjustments to the housing figure.

The Inspector's conclusion at examination was that, on balance, an uplift of 20% was required. This was concluded on the basis of several days' discussion, and

substantial evidence prepared by both the Council and representors (including a Developer's Forum represented by Barton Willmore and Nathaniel Lichfield and Partners) balancing all of the current Market Signals set out in guidance. However, the new proposed formula gives an equivalent of a 42% uplift to improve affordability for Mid Sussex.

Market Signals Evidence and Experience at Examination

The assessment of a "Market Signals" uplift in the Mid Sussex District Plan examination was indeed lengthy and confusing to representors and the general public. However, the evidence presented by all parties was subject to intense scrutiny and cross-examination which led to the Inspector's conclusion that 20% was appropriate. None of the evidence presented showed that an uplift equivalent to 42% (as suggested by the new formula) was required.

The Council argued that the affordability of housing in this district is not correlated to increased housebuilding to any significant degree. Indeed, years when housebuilding has been significantly higher than average (particularly the last 3 or 4 years when it has been almost double 10-year/economic cycle averages) we have seen the affordability ratio worsen by 2-3 points. This reflects the wider economy and number of components that impact upon affordability.

This is related to the elasticity of demand within Mid Sussex. The examination heard that previous studies (e.g. the University of Reading report "A long-run model of Housing Affordability" based on Barker Review) noted significant housebuilding would be required in the south-east to make a very small improvement to affordability. It also presented a case study (Reading and Knowsley) which suggested that it may be difficult or impossible to achieve affordability targets at sub-regional levels as local authorities may be close substitutes in terms of location for many households, leading to population inflows rather than an increase in supply to reduce affordability issues.

The examination discussed a number of methods (predominantly promoted by representors) on which an uplift could be based:

- **Office of Budget Responsibility Forecast** – based on a 1% increase in supply, prices would be expected to fall by 2% (price elasticity of -2). Representors argued that this pointed towards an uplift of around 25% to improve affordability in Mid Sussex.
- **Barker Review** – An increase of 85.7% over past supply levels. Based on previous years' growth, representors argued this would lead to a 30% increase to improve affordability in Mid Sussex
- **Weighted Apportionment of National Need** – Proportioning out national need dependant on the published affordability ratio. Representors argued that this pointed towards an uplift of 22-29% to improve affordability in Mid Sussex.
- **Benchmarking Stock Increases** – Based on research by Savills, increased building rates by 1.5% have improved affordability in other areas. For Mid Sussex, this equates to a 26% 'market signals' uplift to improve affordability.
- **Benchmarking other Market Signals uplifts elsewhere** – analysis of various plans that had been through examination, with similar circumstances (alleged by representors) pointed towards a 25% uplift to improve affordability.

This shows that a wide range of approaches presented by representors, from various data sources, demonstrated that a maximum uplift of 30% is required to improve affordability. The Council prepared a strong rebuttal to demonstrate the approaches above were over-stating affordability issues. However, it is important to re-iterate them here to demonstrate that even objectors to the Council's plan, working on behalf of the development industry, with an interest in increasing the Council's housing requirement, did not conclude that anything approaching a 42% uplift was required to improve affordability.

Data Sources, Update Frequency and Time Periods

Paragraph 16 of the consultation document states that the starting point should continue to be the projection of future household growth in each area, using the CLG Household Projections. As the data is available at an authority level, the calculations should be undertaken at this level too. Previously, problems arose as the need had to be calculated at an HMA level – the proposed approach simplifies this issue and is therefore welcomed.

Paragraph 17 of the consultation document states that household projections should be the demographic baseline for every local authority area, and that the baseline should be the annual average household growth over a 10 year period. We question how this approach accords with paragraph 157 of the NPPF, which states that plan periods should look at a 15-year time horizon. How will future Local Plans set a plan number if the formula is only relevant for the first 10 years?

In terms of the timespan, there is no allowance made for the economic cycle. Previous guidance in the PPG, and upheld by Planning Inspectors (see Crawley, Horsham and most recently Waverley) is that a full economic cycle should be considered in terms of the affordability uplift. The standard methodology proposed takes a 'snapshot' of one year, making no allowances for the fact that this data is very sensitive to change (as it is based on two broad variables – wages and house prices). The methodology makes no allowance for the fact that one year may be a 'blip' or spike in the data that is an outlier compared to previous years. It doesn't account for past trends or potential future projections in affordability.

The consultation document considers that household growth alone is not a sufficient indicator of demand, and that median affordability ratios provide the best basis for adjusting household projections. As mentioned above, the affordability signal is not the only indicator of demand, and demand for housing is very different from need so should not be used interchangeably.

Best practice in SHMA/HEDNA evidence has been to include a 'vacancy rate' adjustment. For Mid Sussex, this had the effect of increasing the starting point OAN by around 2.3% to account for vacant properties. In order to remain consistent with evidence presented at examinations, and established best practice, it is suggested that a vacancy rate should be added to the standardised formula. The data for vacancy rates can easily be accessed using CLG Live Table 615.

The two components of the formula (household projections and affordability ratio) are subject to frequent updates (every 2 years and annually, respectively). Therefore, it could be possible that the housing number for plan making purposes is

amended potentially 3 times in a year. This doesn't provide enough certainty for plan making – we make similar comments regarding transitional arrangements later in this response.

Capping the level of any increase

Paragraph 25 sets out the Government's proposals to cap the level of increase. For LPAs with a Local Plan adopted in the last five years, the new figure will be capped at 40% above the annual requirement figure set out in the Local Plan. For authorities without an up to date Local Plan, the increase will be capped at 40% above their Local Plan figure. Or their projected household growth, whichever is the higher figure.

MSDC questions the evidence for the 40% cap. The OAN for Mid Sussex is 876dpa. A 40% increase in this figure give a cap of 1,226 – this is significantly greater and unlikely to be deliverable (based on the evidence heard at the examination). The cap, therefore, for authorities such as Mid Sussex is very high, due to the high OAN arrived at in the first place; an OAN which, in accordance with the standard methodology, accounted for affordability.

b) How can information on local housing need be made more transparent?

Paragraph 29 notes that data on how many homes are being planned for is often difficult to identify on LPA's websites, and seeks feedback on how this information can be made more transparent.

Making the data more readily available is welcomed. We would usually publish this information in our Monitoring Report and within the plan itself. The table accompanying this consultation set out the figures for each authority and was extremely helpful in this regard. The proposed methodology is made up of two publicly available figures (household projections and affordability ratio) – on this basis, and if the formula remains unchanged following this consultation, the formula result for each authority could be published upon each new data release.

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?

Paragraph 35 sets out the Government's expectation that plans should be reviewed every five years. The Council questions how an authority can plan for a full plan period if the housing number on which the Plan is based is proposed to change so frequently? What should be the minimum plan period length?

Paragraph 38 states that Local Planning Authorities should be able to rely on evidence used to justify their local housing need for a period of 2 years from the date on which they submit their plan.

CLG household projections are released every two years. Affordability data is released annually. The implementation states that there should be a grace period of 2 years 'from the date on which they submit their plan' however by this point a significant amount of work (and consultation) will have taken place. The time between issues and options, pre-submission consultation and submission itself can be two years – this being the case, there is a danger of there being (potentially) at least 2 and possibly 3 different housing need numbers generated by the new formula in this period, as new data is released so frequently.

It is suggested that the grace period should start after the first round of significant consultation (e.g. regulation 18) to avoid confusion and abortive work/re-consultation if the figures change drastically (which is possible given the sensitivity of the data in the formula), and continue until two years from the date on which the plan is submitted.

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?

It is agreed that, once the formula is agreed, if this is used in plan-making, this approach should be presumed sound. This will reduce the time and cost spent at examination on these issues, which the Council supports.

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?

Paragraph 28 sets out that LPAs can plan for higher numbers, for instance where they have policies in place to substantially increase economic growth. If an authority proposes above its 'standard methodology' number, could this be accounted for when looking at the figures across the HMA (in other words, count towards unmet need)? Similarly, would this reduce need elsewhere (bearing in mind the sum of all authorities should be 225k across the country)?

Para 44 notes that there may be compelling circumstances not to adopt the proposed approach. Are there any examples of compelling circumstances? These should be set out within the policy in order to reduce potential inconsistencies at examination. Previously, past delivery/constraints/one-off events/spikes in projections have all been cited as reasons for deviating from the OAN methodology in the PPG.

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?

Not relevant to MSDC at the current time

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?

Not relevant to MSDC.

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?

Not relevant to MSDC

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

The Council would request some clarity regarding the transitional arrangements. Do the arrangements set out in Table 1 also apply to the five-year supply calculation or do they refer only to plan making?

MSDC supports the proposed approach in paragraph 55, which notes that if a Local Plan is currently at Examination, it should continue to be examined and rely on evidence prepared using the current method.

Question 7:

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

It is proposed that the NPPF will set out that all local authorities should produce a Statement of Common Ground and should use agreed housing market areas as the basis over which to develop statements of common ground, unless they are able to jointly determine and justify an alternative area over which to produce their statement of common ground.

MSDC notes that while housing issues can be addressed at the HMA level, LPAs may need to prepare a SoCG with LPAs and other organisations on a much wider scale, to address more strategic issues.

Such issues may be significantly complex, and therefore an issue based SoCG is required, rather than an authority based SoCG. An example of this is impact of European sites such as the Ashdown Forest SAC, which affects a large number of LPAs in Kent and Sussex, to varying degrees.

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?

Not relevant to MSDC

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

Not relevant to MSDC.

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?

Paragraph 76 of the document states once the revised NPPF has been published, an outline SoCG should be in place within six months, and the full SoCG within 12 months. The SoCG should be updated when the primary authorities reach key milestones in the plan making process. The Council agrees that this timescale is appropriate, as many of the issues will have been addressed in existing Duty to Co-Operate discussions and statements (MSDC has SoCG with all neighbouring authorities already).

It is important to distinguish that the mechanisms/process for distributing housing need could be set out within the 12 month timescale, however it is unlikely that any agreement will be reached on the numbers (or distribution of them) would be achievable in this timescale.

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?

Paragraph 83 of the document proposes that the tests of soundness considered at Examination are amended to include:

- a) Plans are prepared based on a strategy informed by agreements over the wider area; and
- b) Plans should be based on effective joint working on cross boundary strategic priorities, which are evidences in the Statement of Common Ground.

The document considers planning for a mix of housing needs, and asks that respondents suggest how to streamline the process to identify housing needs for individual groups and to propose evidence which could be used to help the plan to meet the needs of parish groups.

The Council does not object to this element.

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?

b) Do you agree that the current definition of older people within the National Planning Policy Framework is still fit-for-purpose?

Paragraph 93 notes that the Government is reviewing whether the definition of older people should be reviewed for planning purposes, and that the Government considers that the current definition is still fit for purpose.

It would be useful to have clarification on C2/C3 usage and whether both of these should be included within the overall 'housing need', and therefore can be counted as 'completions' against the need. Currently, the OAN for Mid Sussex deals only with C3, the C2 use is a need generated as a separate exercise and therefore C2 permissions/completions don't count towards the district's housing need. However,

the PPG makes clear that it may be possible to count C2 against need, which causes confusion.

Question 11:

a) Should a local plan set out the housing need for designated neighbourhood planning areas and parish areas within the area?

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?

Paragraph 95 identifies the problems faced by neighbourhood planning groups wishing to plan for the housing needs of their own areas.

The Council has generated a methodology that distributes housing need to Parishes and this has been tested at examination.

The Council does not support Neighbourhood Plan bodies carrying out their own assessment of housing need (i.e. generating their own OAN) as:

- Data is not readily or reliably available at the neighbourhood level
- The sum of all Neighbourhood Plan needs may not total the District need (where there is full coverage of Neighbourhood Plans) which can lead to confusion and questions over the reliability of the evidence.

However, the Council supports Neighbourhood Plans carrying out the required evidence to translate housing need into a plan requirement number. In Mid Sussex, the District Plan housing requirement is proportioned out to settlements for Neighbourhood Plan purposes to guide them in their plan preparation. These are not set out as targets, so there is still opportunity for the Neighbourhood Plan to demonstrate whether the guide figure can be met (or publish evidence that demonstrates where it cannot be met).

Paragraph 99 proposes that, where a Local Plan is out of date, a simple, formula based approach which apportions the overall housing need figure for the relevant local authority area, based on the latest figures calculated under the new standard approach to a neighbourhood planning area.

This approach is agreed. It will be more robust if the District Council can set the overall need for the area, and distribute it downwards. The approach suggested accords with the approach taken by the Council at 'stage 1' (i.e. distribution of OAN). However, there are potentially further stages to account for allocation of strategic sites within the District Plan (which would effectively re-distribute the remaining need) and policy decisions (e.g. constraints, settlement hierarchy, etc). This has been set out in the evidence base to the examination and deemed a logical approach.

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?

Many local authorities including Mid Sussex have Infrastructure Delivery Plans setting out the infrastructure required to support development proposed over a plan period alongside costs and funding streams. Local authorities are also already required to assess the housing needs of the community including for affordable housing and consider such requirements for instance when viability testing the impact of proposed policies for affordable housing; in general terms in the allocation of sites to ensure deliverability; and in setting CIL charges.

What does cause uncertainty for local authorities and likely for the development industry is clear guidance from infrastructure providers to what is required to facilitate development or strategy proposals, whether it is technically feasible, and when it can be provided. To date, obtaining such information can often be a time consuming and ultimately a frustrating process. It is recognised that it is often difficult for infrastructure providers to supply firm answers (and some are much better than others) but the void of a clear commitment with local authorities does not aid the process. Infrastructure providers should be obliged by the duty to cooperate or other form of statutory obligation to engage with local authorities on matters of infrastructure provision. In addition, and if possible, longer horizons should be offered on funding streams to provide more certainty and enable utilities to take a longer-term strategic view on infrastructure provision (see also response to question 15).

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

See answers to questions 14-16.

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?

In terms of plan making, MSDC seek advice on the viability impact of proposed policies by testing their impact on the deliverability of potential allocation sites as well as undertaking sensitivity tests on the existing housing land supply to test if there would be any potential impact on future speculative applications. For decision making, development viability isn't usually an issue unless the applicant is claiming they cannot satisfy the full suite of policy requirements (such as an appropriate amount of affordable housing). In such cases, viability information is required from the applicant. In addition, MSDC are seeking to introduce clawback clauses for schemes not providing full policy provision that subsequently become more viable during the lifetime or on completion of the scheme.

The current MSDC approach is deemed entirely reasonable. MSDC is of the view that policy requirements and site specific exceptional costs should be reflected in land value paid by the developer and that exceptional circumstances must exist to justify reduced policy provision such as unexpected costs in the delivery of the site or whereupon a site is clearly unviable and does not produce a reasonable return to the landowner to release the site for development for example due to high site clearance costs and/ or clean-up.

The current MSDC approach appears to strike the right balance between a policy framework that is generally viable across the area as a whole with some flexibility for schemes where genuine circumstances exist for reduced provision. As such, there will almost always be some sites that are not viable at full policy provision. However, such an approach is already established in the CIL Regulations in the setting of CIL rates, i.e. seeking an appropriate balance in funding infrastructure from the levy and the potential effects (taken as a whole) across an area. In addition, a flexible approach is required to reflect the long time-gap between adoption of the policy framework, applications for development and even during the lifetime of commenced schemes whereupon significant changes may occur in development values that might legitimately impact viability (construction industry costs and funding sources for example). An inflexible area wide approach, seeking to avoid further viability issues at a later date could lead to much lower overall policy requirements.

It is contended that if a flexible approach outlined above was standardised, it would send a clear message on policy requirements and for negotiations on land acquisition with the potential knock on effect on land prices and viability issue occurring in less cases. It should also be made absolutely clear, that the burden of testing viability in such cases should fall with the developer, undertaken by an independent expert.

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?

As stated in Question 12 engagement with infrastructure providers with the Mid Sussex Infrastructure Delivery Plan is often a difficult and frustrating process. In addition, it is often unclear whether provision can be made as infrastructure provider business plans do not work over the same planning timeframe as local plans - for instance utility business plans often only cover a period of five years to synchronise with funding cycles and do not account for proposed development until it gains certainty with planning permission.

A solution could be that infrastructure providers, including housing associations are bound by the duty to co-operate. The NPPF and PPG should be updated to reflect this and on the importance of engaging with local authorities. In addition, if possible, infrastructure provider funding cycles should be extended to a longer time horizon or assurances given to funding the proposed levels of development from central government to give more certainty to providers.

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?

MSDC accept in principle the idea of a standardised report and summary format. Such an approach would likely to be quicker and cheaper to produce and be more easily understood by decision takers and the public. The summary format at least must be written in a way that can be understood by all parties, free from or at least providing an explanation of jargon with clearly annotated figures and tables.

The approach must be open book. However, a transparent approach can only work when all parties are willing to engage in the process. For instance, in terms of build costs, it has long been stated that volume builders need to be more willing to open their books on build costs reflecting the economies of scale of their buying power when negotiating infrastructure provision and /or reduced contributions. If such an approach is not feasible due to commercial sensitivities, perhaps an across the board standard reduction in build costs could be made to the volume builders/ subsidiaries of the volume builders reflecting the buying power of such organisations/ parent companies based on their volume of housebuilding.

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?

MSDC agree in principle. MSDC already undertakes the monitoring and reporting of developer contribution. Current reporting is undertaken generally, and does not disaggregate contributions on a scheme by scheme basis. However, MSDC are implementing software to allow improved monitoring of developer contributions. Any requirement to improve reporting must consider that authorities may not have the resources to improve this without for instance better monitoring software.

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

If such a process is adopted, it would be sensible for a minimum threshold of development to be disaggregated and reported in detail. Provision from smaller, developments could be reported together.

c) How can local planning authorities and applicants work together to better publicise infrastructure and affordable housing secured through new development once development has commenced, or at other stages of the process?

Whilst recognising that this is a laudable exercise, it must be cost effective. As such, measures could be through development signage (at site entrances and within site at key locations) and through existing channels such as newsletters, press releases and the local authority and developer websites.

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?

MSDC supports the principle of a 20% increase in planning fees, which was set out in the Government White Paper earlier in 2017. This funding is to be used to increase the resources in planning teams, and Mid Sussex District Council has been proactive in anticipating this funding, to recruit for planning staff in both the Development Management and the Planning Policy teams.

We would welcome early release of that funding to enable us to deliver increased and improved planning services.

It is not clear whether the further 20% referred to in the consultation paper would give local authorities a potential total 40% increase, or whether an additional 20% of the 20% increase in fees in the White Paper is proposed.

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?

This is the critical issue, particularly as authorities have no real mechanism for ensuring that once granted permissions are implemented. There are also perverse incentives for developers in terms of the current approach, wherein it is advantageous to ensure that authorities are unable to demonstrate a 5 year supply, typically due to a backlog against agreed trajectories.

The issue is a difficult one because of the existence of market factors that may legitimately affect delivery.

As a starting point we suggest that in calculating 5 year supply and specifically backlog the calculation should be on permissions granted, not just those implemented. This represents a fairer approach for planning authorities and removes the perverse incentive to 'game' the system.

End

09 November 2017