

## SOUTH EAST ENGLAND COUNCILS

### BRIEFING

*Minister of State for Housing Dominic Raab MP 14 March 2018*

#### South East England Councils (SEEC)

SEEC represents district, unitary and county councils in South East England. We are a voluntary membership body, Conservative-led but working cross-party and covering an area with a population of 9.1 million.

South East authorities recognise the need for housing and have demonstrated their commitment, enabling over 99,700 homes in 3 years to March 2017 – the UK's highest delivery rate.

However, our member councils face challenges in continuing to increase housing delivery, including:

- A South East infrastructure funding gap estimated at £15.4bn by 2030.
- Over 1 million acres of South East protected land: National Parks, AONB, SSSI & Green Belt.
- At least 60,000 unimplemented planning permissions in the South East – almost 2 years' supply of homes. This backlog is caused by factors such as land agents who delay appointing developers or slow building rates by developers who wish to avoid damaging profits by flooding the market with new homes. We are pleased that Sir Oliver Letwin is to explore this last point.

#### Housing & planning consultation proposals

SEEC members have welcomed earlier-than-expected publication of NPPF and the greater clarity it has brought in areas such as transition periods for local plans nearing completion, and the role of Statements of Common Ground.

The South East has an excellent track record in enabling new homes but our members have concerns that we won't be able to deliver the Government's housing ambitions unless councils have more powers to incentivise delivery and adapt to local circumstances.

#### Housing delivery test

Councils set local ambitions and strategy for housing in their local plans but as they do not build the majority of homes they need 'carrot & stick' powers to get stubborn sites moving. For example where land agents delay appointing developers, councils should be able to use discretionary powers to charge council tax when homes remain unbuilt after an agreed period.

Good local authorities already use all the tools in the NPPG housing test action plan but still face barriers to delivery. If we don't have better tools to meet the test there is a widespread risk of failure and an end to the plan-led system. This will undermine the principle of locally-led planning, opening areas up to unmanaged development that could encroach on protected land and add to infrastructure needs if homes are built away from existing services.

SEEC members would like more clarity on how allocated sites and outline permissions will be treated in the delivery test. There are also questions about why 20% of development on smaller sites has been chosen. To avoid arbitrary targets, we need the ability to reflect local circumstances.

West Berkshire (74% protected land) is one of the South East councils relying on significant numbers of small windfall housing sites. To avoid delivery test failures councils with a proven track record on windfall sites should be allowed to count as-yet-unidentified small sites towards 5-year land supply.

There are also concerns that the new NPPF will encourage more challenges when a council deems a planning application is undeliverable or not needed for 5-year land supply. West Berkshire has successfully defended several S78 planning appeals in the past 16 months but at a cost of £100,000. This is expensive, resource-intensive and detracts from delivery of locally agreed plans.

#### Housing need methodology

There are multiple examples of unexpected results from the methodology, fuelling concerns among SEEC members that the proposed methodology is too blunt an instrument to reflect local circumstances. In some cases South East authorities see unachievably high increases in housing figures while others see surprising and unhelpful reductions. Unexpected results are also seen

outside the South East, so we urge Ministers to review how to make the standard methodology more sensitive to local circumstances. For example:

- Many parts of the South East see large increases in housing that will be difficult to achieve given local constraints such as very large amounts of land subject to statutory protections. In one example, the methodology allocates a 27% housing increase to South Bucks DC despite 87% protected land. Through Duty to Cooperate South Bucks and others are working well with Aylesbury Vale DC, which is able to accommodate some unmet need. However Aylesbury's capacity may not stretch to cover further increases in homes under the new need methodology. Another example is Tonbridge & Malling BC, which would see its housing figure rise by 23% despite 77% protected land. The council is on track to submit its local plan during the NPPF transition period but if this was not the case, the new figure of 859 homes pa would exceed anything previously achieved in the area due to limits on the market's ability and desire to deliver. New NPPF proposals suggest increased density and higher-rise buildings with more flexible standards on daylight access as a way to increase housing numbers. However, such changes will not always be appropriate (eg in or near AONB) and are highly likely to attract local objections.
- Other parts of the South East see unexpected decreases in housing figures. For example Oxford City Council has its need figure almost halved from 1,200-1,600 homes pa to 746. West Berkshire has an 18% cut. Both councils recognise they can exceed these minima, but there are concerns that setting higher figures will leave them open to costly legal challenges from interest groups.
- Outside the South East, cities with major growth ambitions see large cuts in housing need figures: Leeds (-1,011pa), Birmingham (-873pa) and Manchester (-459pa). While councils can exceed minimum numbers, a methodology that shows reduced housing need in these areas risks undermining Government's aim of boosting economic growth in cities. Without a better way of reflecting these areas' growth ambitions Government will simply increase housing and economic pressures in the South East rather than meeting its aim of rebalancing parts of the economy.

To help overcome these problems SEEC members want Government to consider two options:

1. Amend the housing methodology to make it more sensitive to Government's stated priorities about avoiding development on protected land. For example, factoring in data on local proportions of protected land and expected economic growth.
2. Use NPPG to provide information for councils on factors to include in a local evidence base that seeks to specify deliverable housing figures (either more or less than the standard need assessment) and that will be supported by Government and planning inspectors. This would help avoid unnecessary and costly challenges in court or at EiP.

Greater clarity on these two issues could help Duty to Cooperate (DTC) discussions by providing more certainty on a council area's **capacity**. If we can reflect capacity, it will assist in agreeing the new Statements of Common Ground that will form part of DTC in future.

### **Infrastructure**

South East voters won't thank us if new homes are built without good infrastructure, for example transport, broadband and community facilities, as well as affordable housing. We welcome £224m from the Housing Infrastructure Fund across the South East but it will not meet all our needs. We want to see rules relaxed to allow councils access to additional funding sources.

For example, small sites and office-to-residential conversions add to demand but don't contribute to the cost of providing infrastructure. Office conversions also risk undermining high streets through loss of business space and that's a double blow because councils lose both employment space and business rates that contribute to council service costs.

We understand Government wants to encourage small builders by reducing their costs but residents have high expectations of infrastructure, so we want to work with you to find new ways of funding these needs. Options we want you to reconsider during this consultation period include:

- Ensuring developments of all sizes make a contribution to funding infrastructure.
- Allowing councils to receive some of the rise in land value when a site gains planning permission.
- Giving South East councils access to a share of stamp duty the first time a home is sold to help fund the infrastructure needed for new developments.
- Allowing South East authorities to group together collections of small sites that could then qualify for funding from national funding sources, such as the Housing Infrastructure Fund.