LPDF UPDATE

Edition 5 - AUGUST 2018

Welcome to LPDF UPDATE, prepared by **Tetlow King Planning Limited**. This publication provides an update of the latest publications across the housebuilding and planning sectors from a wide range of public, private and quasi-governmental organisations, which are relevant to the interests of the Land Promoters and Developers Federation.

Feature story: new National Planning Policy framework published

On 24 July – the final day before Parliament's summer recess – the MHCLG published the much-anticipated new National Planning Policy Framework (NPPF).

Key themes include that of achieving high quality design; building at higher densities; delivering a sufficient supply of homes; Green Belt; the Housing Delivery Test and Standard Methodology for Calculating Housing Need; viability; enabling first-time buyers to enter the housing market; small and medium sized sites; and affordable housing. Here is a summary of the relevant provisions of the new NPPF and industry reaction to the proposals.

As Tim Willis of Shoosmiths put it, the revised NPPF's overarching emphasis is "pro-growth with caveats".

Design

"Building attractive and better-designed homes in areas where they are needed" is at the centre of the new NPPF.

Paragraph 127 sets out the relevant principles which planning policies and decisions ensure that developments should achieve, including that schemes must function well and add to the overall quality of the area – over the lifetime of the development.

There is a strong emphasis on engaging with communities and undertaking effective stakeholder engagement in formulating appropriate design solutions.

Paragraph 130 is also a critical inclusion into the guidance, which ensures that the quality of already approved development does not materially diminish between permission and completion as a result of changes being made to the permitted scheme.

Delivering a sufficient supply of homes

Paragraph 64 requires major development (involving housing) to provide at least 10% of the homes to be available for affordable home ownership, unless this exceeds the level of affordable housing required or significantly prejudice the ability to meet identified affordable housing needs of specific groups.

Exemptions to this 10% requirement apply where: the scheme provides solely for 'Build to Rent' homes; provides specialist accommodation for a group of people with specific needs (such as purpose-built accommodation for the elderly or students – note that there is a definition of 'Older people' in the NPPF, but not 'the elderly'); is for people who wish to build or commission their own homes; or is exclusively for affordable housing, be it an entry-level exception site or a rural exception site.

Green Belt

The key changes include additional text in paragraph 136 where Green Belt boundaries should be altered where exceptional circumstances are "fully evidenced and justified", which appears to be a more stringent requirement.

The new NPPF enforces tighter tests which directs development to non-green belt alternatives, as set out in paragraph 137.

There is also a change in the wording to this paragraph, which states that within the LPA justification of exceptional circumstances, LPAs "should be able to demonstrate that it

has examined fully all other reasonable options for meeting its identified need for development" (the former text was "should have examined"). As Giorgio Wetzl (Lichfields) points out, this could give more flexibility and a clearer path for LPAs considering releasing the Green Belt in exceptional circumstances.

Housing Delivery Test and Standard Methodology for Calculating Housing Need

Generally, the built environment industry is largely supportive of the formal implementation of the Housing Delivery Test. A formula which takes account of historic housing delivery will complement the forward-looking five year supply calculations, and put added pressure on LPAs to make sure sites are truly deliverable.

Unsurprisingly, this has generated strong opposition from the CPRE about the integrity of the plan-led system. Head of Planning Matt Thomson said: "Rather than delivering 'what communities want' as it claims to promise, the new planning rulebook and its new 'housing delivery test' will result in almost all local plans becoming out of date within two years. It is a speculative developers' charter and will lead to the death of the plan-led system".

This was echoed by Lord Porter, Chairman of the Local Government Association, who said that "Councils work hard with communities to get support for good quality housing development locally, and there is a risk these reforms will lead to locally agreed plans being bypassed by national targets".

Whilst the Standard Methodology forms part of the announcement, there may still be some uncertainties relating to its practical application, in light of the forthcoming population forecasts to be published this September.

Within its consultation response to the draft revised NPPF, the MHCLG stated that it still intends to proceed with the Methodology, but also says that the government is aware that lower than previously forecast population projections are "likely to result in the minimum need numbers generated by the method being subject to a significant reduction, once the relevant household projection figures are released in September". The response later says that MHCLG will "consult on the specific details of any change at that time".

Viability

The role of viability in plan-making and within the determination of planning applications has been clarified. Paragraph 57 places a greater responsibility on the applicant to demonstrate whether particular circumstances justify the need for a viability assessment. This paragraph adds that the weight to be given to a viability assessment is "a matter for the decision maker".

First-Time Buyers

The inclusion of 'entry-level exception sites' seeks to address the housing requirements of first-time buyers, just under a different name.

Whilst a positive step, paragraph 71 and its supporting footnotes set out restrictive requirements. Entry-level exception sites must be adjacent to existing settlements, and cannot: be larger than one hectare, or exceed 5% of the size of the existing settlement; or be permitted in National Parks, the Broads, Areas of Outstanding Natural Beauty or Green Belts. This has led to concerns over their effectiveness and whether these really have any 'teeth' to them.

Affordable Housing

Aside from the 10% requirement above, the revised definition to 'Affordable Housing' advocates a push toward affordable home ownership, including starter homes, discounted market sales housing and "other affordable routes to home ownership" including rent to buy (incorporating a period of intermediate rent).

It has also been questioned what the difference between "discounted market sale" and "low cost homes for sale" is meant by the new NPPF.

There also appears to be a conflict between paragraph 63 and the online Planning Practice Guidance – in which the former sets the exemption for affordable housing provision on sites which are not 'major development' (9 dwellings or less) – and the latter states that affordable housing contributions should not be sought from developments of 10-units or less.

The general consensus across the development industry is that the new NPPF is very housing-focussed with limited guidance on commercial development, employment land and the industrial and logistics sectors, and specialist provision of older persons accommodation: leading some to question whether the Government has missed key opportunities.

"Although solving the housing crisis is obviously of enormous importance, one wonders whether the government has missed a trick, as it is critical that housing delivery is allied with sustainable commercial development" (Jason Lowes, Rapleys).

Planning spokesperson for the District Councils' Network, Cllr Gillian Brown, stated "Whilst the revised NPPF provides some much-needed clarity on local plan production and introduces greater transparency in the planning system, it should go even further, to empower local authorities with the powers they need to drive housing growth. If the Government expects councils to manage their local housing markets then it's essential that councils are supplied with the need the practical, legal and financial tools to do it".

Although an obvious statement on a document which will assist in shaping our future cities, towns, villages and rural areas over the medium-term but, it seems to be a case of "time will tell" on the real effectiveness of the NPPF.

The Economic Footprint of House Building in England and Wales (July 2018)

The Home Builders Federation (HBF) and Lichfields have published a study looking at a wide and comprehensive range of economic, social and environmental benefits that day-to-day house building generates. Utilising primary and secondary data sources, this report is an update on the initial analysis undertaken in 2015 to provide an up-to-date view on the economic footprint of the house building industry.

The data was formulated using a sample of HBF house builder members, selected from each size tier (I.E. large, medium-sized and small firms).

The study has found that nearly £12bn was invested in land and buildings for new homes (£11.4bn in England and £500m in Wales). House builders invested in land with equivalent capacity for 416,000 homes in the latest financial year, including 398,000 homes in England and 18,000 homes in Wales.

The report highlights that new house building generated £38 billion of economic output to the Great Britain economy in 2017, the majority of which (85%) was contributed through private sector housing. This includes house builders themselves as well as their contractors and suppliers but excludes induced economic output. This figure is considerably higher than that reported in 2015 (£19.2 billion per annum).

The house building industry is estimated to support up to almost 698,000 people across a range of organisations, operations and occupations in England and Wales. Around a third (34% or 239,000) of these employees are directly employed by house building firms and organisations and their sub-contractors. The remaining 458,690 is split between indirect employees (those working within the house building supply chain) and other employees working across the wider economy.

This is equivalent to between 2.4 and 3.1 direct, indirect and induced jobs per new permanent dwelling built (based on a total of 224,054 net additional dwellings completed in 2016/17 in England and Wales).

It is estimated by the HBF and Lichfields that across England, over £804 million of S.106 contributions are made each year towards funding local community facilities and services, with a further £37 million of contributions made in Wales.

View the study **HERE**.

MHCLG Annual Report and Accounts 2017-18

The MHCLG has published its Annual Report and Accounts for the year ending 31 March 2018.

As part of its pledge to build the right homes in the right places, the report outlines that in the year to end December 2017, planning permission was granted for 338,000 new homes, an increase of 8% on the previous year and higher than pre-recession levels.

The Department is supporting local authorities to release land for housing through the £45 million Land Release Fund which was launched in February 2018. 79 projects will receive funding to support building up to 7,280 homes on council owned land. This will support local authorities to achieve the ambition to release enough land for 160,000 homes by the end of March 2020.

In February, the Department announced £866 million for 133 council-led Housing Infrastructure Fund projects to fund key local infrastructure, including new roads, cycle paths, flood defences and land remediation work – preparing the way for new homes.

The Home Building Fund is on track to deliver 25,500 new homes by 2020-21, and unlock a pipeline of up to 200,000 homes. Between April 2017 and March 2018, the fund delivered 8,342 starts and unlocked 29,216 homes. The funding is providing development finance to small builders, custom builders, and innovators to deliver homes. The funding is also supporting remediation of brownfield sites and supporting the delivery of essential infrastructure for housing. 63% of all contracted deals for the fund have been from SMEs.

View the MHCLG Annual Report and Accounts **HERE**.

LPDF Members Meeting

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On the same day as the publication of the new NPPF, 22 people attended the quarterly LPDF members meeting in London.

Topics covered included research into national affordability and affordable homes along with an update from the Federation's Technical and Policy Committee. Members were urged to share their good news stories with the LPDF for wider circulation.

The next meeting will be held on 10 October. Please contact Katie Yates (Catesby Estates plc) for further information.

In the News

National Infrastructure Assessment:

The National Infrastructure Commission (NIC) has published the first-ever National Infrastructure Assessment, which makes recommendations for how the identified infrastructure needs and priorities of the country should be addressed. The Government is required to formally respond to the recommendations of the NIC.

CLICK HERE

Northern Powerhouse:

The Prime Minister has announced a multi-million pound cash boost for the Northern Powerhouse. The announcement includes that the government will lay down appropriate legislation towards the North of Tyne Devolution Deal.

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Build to Rent Housing:

AMA Research has found that the UK's private rented sector is experiencing a period of rapid change, as the build to rent (BTR) sector continues to grow. In the last few years, the BTR sector is coming through in urban city centres, with significant activity in London, Birmingham, Manchester and Leeds.

CLICK HERE

Construction:

The Construction Products Association's state of trade survey for the second quarter of 2018 shows that manufacturers of construction products saw a noticeable upturn in business in Spring. The survey shows that members began to catch up on the activity lost to adverse weather conditions during the first three months of the year.

CLICK HERE

More construction:

The Federation of Master Builders has also published its State of Trade Survey for the second quarter of 2018. The survey reports that the construction SME sector has now enjoyed more than five years of consecutive quarterly growth.

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