

Planning Bulletin: the Budget & the Government wants your views on housing



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Buoyed with revised forecasts from the OBR, the Chancellor certainly had more wiggle room on Budget day than many expected, but there are questions over how his despatch box announcements will impact the delivery of much needed new housing. In other news, the Government is gathering opinions on two key housing related initiatives.

The Budget

In advance of the Budget, planning matters were heavily trailed, particularly in terms of promoting housing and rejuvenating the high street. However, perhaps inevitably, firm announcements were arguably a little thin on the ground.

In terms of housing, an extension (albeit a temporary one) of Help to Buy and the roll-out of backdated stamp duty relief for first time buyers of shared ownership property will likely provide a welcome boost to the voting public seeking to get on the property ladder. The stimulus package to support smaller house builders as well as strategic partnerships with nine Housing Associations across England will also be welcomed.

However, beyond this, a major focus relative to housing was on the publishing of the full recommendations of the Letwin review. Critically, Letwin found no evidence to support the allegations of so-called 'Land Banking' levelled against many developers. The real reasons behind the gap between planning consent and housing delivery are, as many planners would attest, far more complex (so complex, in fact, that the Government's response will not be published until February next year).

Letwin's recommendations relate particularly to the largest development sites (i.e. those with more than 1,500 homes) and would potentially see planning rules requiring developers to offer a range of "housing products" (which already happens to a large extent) and allowance for a bigger role for councils. When responding to the report, the government will need to be wary of making a complex system more complicated for developers and stretched local authorities.

As for the high street, the new reduction in Business Rates for certain small businesses is a welcome move but, at the same time, those retailers who have had difficult times recently would not blame this factor alone – rates are an important, though singular, piece of this puzzle. In terms of planning, the chief response was the announcement of a consultation to further extend permitted development rights – further details below.

Consultation 1: "Supporting the high street and increasing the delivery of new homes"

Although this consultation takes in a number of matters, such as reforms to how local authorities can dispose of surplus land and compulsory purchase guidance for new town development corporations, the most eye-catching part of this consultation is proposed extensions to permitted development rights.

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These include:

- Greater **flexibility relative to land use in the high street** – although the only new suggestion relevant to the delivery of housing is the suggested ability to change the use of takeaway premises to residential without planning permission, which will surely have, at best, a limited impact.
- The ability to **add floors to existing development** (potentially up to five storeys) without the need for planning permission – although, reading between the lines, the tension between this initiative and how it would take local circumstances into consideration is exercising the Government.
- The ability to **demolish commercial buildings and redevelop sites as residential** without planning permission – this would, potentially, be a major step, and if implemented is likely to be highly restricted/controlled.
- **Other matters**, including increasing the scope of permitted development in terms of electric charging, and a proposal to make permanent some temporary measures, specifically the ability to change storage and distribution facilities to residential use and residential extensions.

All in all, the consultation suggests some fairly sweeping changes relative to the delivery of housing. However, in our view it falls short in terms of land use in the High Street – many were hoping for a further widening of permitted development relative to converting shops to residential. Comments on the proposal are sought before 14 January 2019.

Consultation 2: “Technical consultation to updates to national planning policy and guidance”

Announced the Friday before the Budget, the Government is also seeking views on matters relative to national planning policy. Given that the NPPF was only adopted in July, it might seem slightly counter-intuitive to be considering changes already, however as much as anything this consultation is about how local authorities should consider housing need through the planning policy process, in light of the household projections, based on 2016 data, released by the ONS in September.

As suggested by the title, the consultation is somewhat technical, but the broad background to this is the Government’s moves to standardise the calculation of housing need across England (Standard Objectively Assessed Need, or SOAN). Using the Government’s methodology, SOAN is calculated using household projections as a starting point. However, the latest household projections were seen as putting a spanner in the works, as in many places the resulting SOAN calculations resulted in a significant drop in numbers, in sum falling far short of the Government’s aspirations to deliver 300,000 new homes per year.

For those following this closely, the headlines are:

- For the short term, 2014-based household projections should be used as the demographic baseline (not the aforementioned, and lower, 2016-based projections).
- It is clarified that the 2016-based projections cannot be used as an ‘exceptional circumstance’ to justify a departure from the standard methodology.
- In the long term the standard methodology will be reviewed to support the aspiration of delivering 300,000 dwellings a year.

Other matters included within the consultation include defining “deliverable” in terms of housing, and a suggestion that the assumption in favour of sustainable development should still apply for development requiring a Habitats Regulation Assessment, if there is no adverse effect. Comments are sought before 7 December 2018.

If you would like to respond to the consultations, or discuss the Government’s changes to the planning system further (and in particular explore how they could add value to your property portfolio), please get in touch.

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