



Planning for Real **NEED** not Speculator **GREED** in Oxfordshire

Need Not Greed Oxfordshire response to Housing White Paper April 2017

Need not Greed Oxfordshire (NNGO) is a coalition of over 30 community organisations that is campaigning for sustainable, democratically-accountable planning across Oxfordshire. The coalition is deeply concerned about exploitation by speculative developers, which is damaging local communities and the countryside, and the seeming inability of the current system to produce the right housing in the right place and at the right price. We therefore welcome the opportunity to contribute to this consultation on the Housing White Paper.

Overall, we are concerned that whilst the Housing White Paper outlines many noble ambitions, these are not clearly reflected in the policies proposed. For example, despite a stated ambition to protect the Green Belt, the changes proposed may significantly weaken Green Belt protection.

1. Five Year Housing Land Supply rules & Changes to NPPF (paras 14 and 49)

The 5YHLS is currently at the heart of the vast majority of local antagonism to central government's approach to the planning system. To describe it as a 'blunt tool' that has caused '*some negative effects*' is to trivialise and then ignore the serious and long-lasting damage this system has caused, to our local landscape and communities. It is completely undermining the credibility of the whole planning system and until it is put right, the concepts of 'localism' and 'sustainable development' will remain laughable in the view of many local residents.

In that context, the idea that local authorities should be penalised by adding 10% to their target, just for the privilege of having their housing land supply '*agreed on an annual basis*

and fixed for a one-year period', is so punitive and arbitrary as to be verging on the offensive.

We note that to agree the target each year, authorities would have to discuss the figures with other authorities and developers in the area. Also, that annual process would be *'subject to consultation and examination'*. This would mean that a complex, contested process has to be gone through each year. Many more Planning Inspectors and examinations would be needed at significant cost, to hear evidence and come up with some sort of consensus. Ministers in distant Whitehall would end up having to make the final decisions for every Council in the Country every year. This is overly centralised and bureaucratic to say the least. Also, it leaves the way clear for developers to overestimate the future rate of house building, then say that land must be available for that, when in practice their forecast timings and rates of house building are often not achieved. To arbitrarily add on an unjustified and indefensible 10% penalty to the locally agreed figure as a final step would completely undermine any local consensus.

We are also concerned that, if the 5YHLS is not confirmed at the suggested annual assessment, communities would be at risk of speculative development for a full 12 months.

At the heart of this issue is, who is responsible for non-delivery? And what should happen where under-delivery occurs? In our view, the responsibility lies primarily with the failure of the housing market. One consequence is that developers promise faithfully at Examinations in Public and planning inquiries that they will build out permissions at speed but then frequently do no such thing. Many other factors come into play of course. Lack of necessary new infrastructure can delay development. Infrastructure often relies on government funding that, for Oxfordshire and nationally, is extremely difficult to get in practice (except in London!). Developers can hoard land, so ensuring that prices remain high. Builders may not be able to find the materials and skilled labour needed to build quality housing. Funding for mortgages may not be available from our financial institutions, particularly if more and more people don't have well paid secure employment. The government's attitude to social or public sector housing – that it is only something that should be more or less given away to existing occupiers who are already well housed - is another problem. Developments can be bought off plan by foreign investors seeking a bolt hole, so undermining the whole process of providing for local needs.

Finally, in Oxfordshire, and many other areas we understand, unrealistically high targets have been set for growth at more than twice the underlying local need. This forces Councils to zone excessive areas for development. So, local control about where development goes first is lost. If the promised rapid job growth does not happen, house building rates will not increase and a backlog will build up. The backlog is then added to future building rates in the calculations, making it even more difficult to prove there is a five-year supply. Then

there is an arbitrary and unjustified 20% penalty for having a backlog, effectively meaning that you need a six-year supply of land...

We could end up with a situation like that which occurred in Ireland, where many developments were started but never finished. This seriously damaged the development and building industries.

So, land supply is but one factor in the very complex housing market. It is quite wrong to blame all the history of under-delivery of housing onto the Local plan system.

The solution cannot be simply to release even more greenfield land, especially when it is done outside of the plan-led system imposing inappropriate development on local communities.

Instead, we need solutions which incentivise developers to build out existing permissions and which penalise those that fail to do so.

Our recommendations:

- a) **Change paras 14 and 49 of the National Planning Policy Framework to ensure the Plan-led system remains in place, even where 5YrHLS cannot be demonstrated.** The presumption should only apply for schemes outside the Local Plan where a development makes use of suitable brownfield land or there is clear evidence of local support for the scheme.
- b) We don't think that penalties should be imposed on a local authority for failure to secure a 5YrHLS, but if in extreme cases this is absolutely necessary these could be financial, with the pain therefore shared equally across the area, perhaps by holding back New Homes Bonus? Income received would be ring-fenced to fund affordable housing. The current arrangements of allowing inappropriate development on appeal means that the bad consequences of speculative development may be unfairly borne by communities in just a small part of the affected local authority.
- c) If Government remains set on rules relating to future land supply, this should be reduced to a 3YrHLS (in line with recent announcements re Neighbourhood Plans).
- d) However, the focus should be on incentivising, and where necessary penalising, developers to build out allocations granted through the Local Plan process.

Our answers to Question 16:

- a) We disagree – there absolutely should not be a 10% buffer.
- b) We think that having a complex annual process to check five-year land supply figures for every Council will be ridiculously expensive, overly centralised and bureaucratic, and it will prove to be a quagmire full of rubber numbers. Instead we would suggest that these full-scale reviews should only be carried out every five years, to fit in with the Local Plan timetable. In the four intervening years, Councils should just submit revised five-year land supply calculations to central government. These would explain and justify any changes from the previous years. The government could ask Councils for further explanations of their figures if necessary.
- c) The approach followed by local Councils should be robust. Currently Inspectors can question the figures and that is appropriate. But we don't think that Inspectors should make their own assessments.

2. Housing Delivery Test

The concerns outlined above in relation to 5YHLS also apply equally to the proposed Housing Delivery Test.

NNGO believes the Test is misconceived and will not achieve its intended results.

As an example, one of the districts in Oxfordshire has a Local plan that assumes very rapid growth rates in future. But only half of that growth is due to local existing needs, the rest is due to additional in-migration to fill similarly rapid growth in the number of jobs. So, half of the growth may never happen at all. On top of that excessive figure, there is another 10% due to overspill of need from Oxford.

In the last five years that district built 60% of the number of houses that its Local plan now says it needs. According to the White Paper, performance at that level would require an '*Action plan*' to be published in November 2017 and it would have to have a 20% '*buffer rate*' added to its five-year housing need supply figure.

To catch up with the resulting shortfall and the unfair 20% buffer rate, that district needs to increase building rates by at least 128% over the next five years. More than doubling the building rate seems very unlikely to happen – so in due course, the area will fail the five-year test.

If performance in that district continued at 60% until 2020, it would fall below the 65% level proposed by the White Paper. So, the entire Local plan would be replaced with a *'presumption in favour of sustainable development'*, which is more accurately known as a free-for-all for developers. Random developments in unsuitable places that have been considered and rejected by the Local plan would be developed, imposing difficulties, notably congestion, onto the District. These problems can be heavily focused onto quite small areas, unfairly penalising them.

The White Paper gets worse, as it suggests that *'neighbourhood plans will not apply where delivery in the local planning authority is less than 65% from the year 2020 (25% in 2018, 45% in 2019)'*. So, the excellent, locally focused efforts of neighbourhood plans to provide for local needs could be ignored by any developer.

As comprehensively set out in our comments above, land supply is but one factor in our very complex housing market. It is quite wrong to blame all the history of under-delivery of housing onto the Local plan system. Other parts of the system need to be subjected to the same scrutiny and pressure to change.

In particular, we are concerned that the White Paper proposals:

- Will lead to further release of greenfield land, outside of the Local Plan process; and
- Developers will be encouraged to landbank permissions to secure the release of this additional land.

Our recommendations:

- a) If there is a significant gap between planned requirements and actual delivery, and responsibility for delivery was largely outside the local authority's control, then housebuilding targets should be reviewed and reduced after three years.
- b) However, the focus should be on incentivising, and where necessary penalising, developers to build out allocations granted through the Local Plan process. The White Paper goes some way towards addressing these concerns – notably in Question 6 (pooling land and ransom strips), 18 (fees for planning appeals), 23 & 24 (delivery record of applicants for planning permission), 25 (time allowed to implement permissions) and 26 & 27 (completion notices).
- c) Local authorities should only be required to consent to new sites if they have first gone through the process of serving a completion notice on an already identified development site, and building has still not materialised, causing the permission to

be revoked. Only in such cases would it be reasonable for a lapsed development site to be replaced with a site of similar, and not increased, capacity.

- d) All of the above remains dependent on the need to agree realistic housing targets and being able to review these and their allocation in the light of changing economic circumstances.

Our answers to Question 17 on Neighbourhood Plans:

- a) Neighbourhood plans should only have to meet their share of local housing need when they are written or revised.
- b) Neighbourhood Plans should not lose their protection by being deemed out-of-date and ignored if the local planning authority cannot meet the new housing delivery tests. There could be annual changes in the status of Neighbourhood Plans as a result and this would completely undermine and ignore local support.
- c) If their housing policies can meet their share of local need, Neighbourhood Plans should not have to have any site allocations.

Our answers to Question 29:

- a) Local planning authorities should be expected to prepare an action plan where delivery falls below 85% of the annual housing requirement, not 95%. What actions can a local authority make that will require developers to start work on or build out a site? A more relaxed 85% target would fit with our suggestion that the calculations are only reviewed by an Inspector every five years
- b) We do not see there is any justification at all, under any circumstances, for a '20% buffer' also known as a six-year supply! This merely makes the position worse, for authorities that for good reasons are already struggling to meet their targets.
- c) We do not think that a 'presumption' or free-for-all for developers should be imposed at all. So, a 25% level is acceptable. It would be more appropriate to focus on a very few authorities at the extreme end of the underdelivery spectrum. But they might need help with infrastructure funding, or an acceptance that their targets were too high and so should be reduced.

- d) We do not think that a 'presumption' or free-for-all for developers should be imposed at all. So, a 45% level is not acceptable.
- e) We do not think that a 'presumption' or free-for-all for developers should be imposed at all. So, a 65% level is definitely not acceptable.

3. Land value capture

In many ways, NNGO believes that it is not just the 'housing market' that is broken, but also the 'land market'.

Para A62 of the Housing White Paper states:

"As part of our proposed consultation on improving arrangements for capturing uplifts in land value for community benefit....".

We can see no further reference to this proposed consultation. However, NNGO would very much welcome such a consultation.

The UK planning system is now largely in the hands of landowners and large scale developers. These, very slowly, deliver exorbitantly priced housing while contributing very insufficiently to the associated infrastructure costs - at great profit to themselves and great dis-benefit to society. Land value capture of development land on behalf of the community (ie capturing some of the increase in value of land allocated for development and ring-fencing it for investment in the local community) would help transform the situation.

Our recommendation and response to Question 9:

We urge the Government to move quickly on this issue and explore mechanisms for introducing community land value capture, not just for New Towns but across the board.

4. Affordable Housing

NNGO is particularly concerned about the failure of the current system to provide genuinely affordable housing.

Our views on this are contained in a separate response compiled jointly with the affordable housing sector in Oxfordshire.

However, our key concern is that to address this issue, we need to be honest about what we are trying to achieve and not lose the definition of affordability, so it must be linked to people's ability to pay, rather than to the overall market price.

Our recommendation and response to Question 31(a) and Box 4:

The proposed definition of affordability should be changed to state that an individual or household's housing expenditure should not exceed 30% of their income.

5. Sustainable development

NNGO is concerned about the Housing White Paper's proposal that the NPPF is in itself adequate as a statement of what sustainable development is, and how it should be achieved. For example, this ignores vital interaction with agriculture and forestry policies which lie outside of the planning system.

Our recommendations and response to Question 4 and Box 2:

- a) We need a broader definition of sustainability that clearly indicates that anything which means an irrevocable loss of environment or amenity for future generations is unsustainable.
- b) The burden of proof for development proposals outside of the Local Plan should be lie with the proposers - they should be required to prove that their development is sustainable (not that local communities should prove it is unsustainable)
- c) Decision makers should be directed to give more weight to paragraphs 8-10 of the NPPF (not just paragraph 7), which seek gains and positive impacts from new development, as well as taking local circumstances into account.

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