

25 September 2020

**Changes to the Current Planning System Consultation  
Response of the South Worcestershire Councils**

Further to the publication of the Changes to the Current Planning System consultation document on 6 August 2020, please find this response on behalf of the South Worcestershire Councils (SWCs), namely Malvern Hills District Council, Worcester City Council and Wychavon District Council.

The Standard Method for Calculating Housing Numbers in Strategic Plans

**Q1: Do you agree that planning practice guidance should be amended to specify that the appropriate baseline for the standard method is whichever is the higher of the level of 0.5% of housing stock in each local authority area OR the latest household projections averaged over a 10-year period?**

It is considered that the use of the latest household projections averaged over a 10-year period to calculate the baseline need is not appropriate.

Household projections are volatile and do not provide any degree of certainty. In addition, where a LPA has delivered significant recent growth, updates to the latest household projections show a dramatic increase in projected change in the same 10-year period. Using Wychavon as an example, where 6,909 dwellings have been delivered in the last eight monitoring years against a housing requirement of 3,874 dwellings, the 2018-based household projections show a substantial increase in projected change when compared with the 2014-based household projections:

<i>Wychavon</i>	2021	2031	Change	Average Annual Increase
2014-based household projections	53,502	57,162	3,660	366
2018-based household projections	56,490	64,478	7,988	799

Basing the housing requirement effectively on recent growth means the target is demand led rather than housing need led, and there will be an exponential increase which would likely mean high Standard Method outputs in areas which have delivered significant recent growth and are unable to allocate such a level of growth again in a sustainable manner. This approach is also likely to mean areas which have delivered low levels of recent growth will have lower Standard Method outputs, intensifying the local housing crisis in these areas as the local housing need will not be met.

It is also considered that the use of 0.5% of existing housing stock is not appropriate. 0.5% is an arbitrary figure and use of existing housing stock does not represent a baseline need for future housing in a local area, rather it is based on the level of development in an area to date. It is clearly therefore not a baseline housing need, by definition, and should not be incorporated into the revised Standard Method calculation. In addition, this would not take into account the demography of the local area which may at least partially be driving the housing need in the area.

**Q2: In the stock element of the baseline, do you agree that 0.5% of existing stock for the standard method is appropriate? If not, please explain why.**

See response to Question 1, whereby it is considered that the use of existing housing stock to set baseline need is not appropriate in principle.

**Q3: Do you agree that using the workplace-based median house price to median earnings ratio from the most recent year for which data is available to adjust the standard method's baseline is appropriate? If not, please explain why.**

Yes, using the workplace-based median house price to median earning ratio from the most recent year for which data is available is appropriate to use as an affordability adjustment to the baseline need. However, this should not mean a substantive uplift in supply as, notwithstanding the likely increase in land banking, the price of housing will not come down to a level where it is accessible to those people on local housing needs lists.

**Q4: Do you agree that incorporating an adjustment for the change of affordability over 10 years is a positive way to look at whether affordability has improved? If not, please explain why.**

**Q5: Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.**

Although the intentions of the proposed addition to the Standard Method calculation to include an element of change in affordability over a period of 10 years are noted, it is considered that affordability would be given too much weight in the revised Standard Method calculation using the proposed new formula.

To illustrate this point, Malvern Hills is used as an example. Malvern Hills has an up-to-date Local Plan (South Worcestershire Development Plan, adopted February 2016) with an average annual housing requirement of 235 dwellings. The current Standard Method calculation for Malvern Hills, produced as part of the on-going South Worcestershire Development Plan Review, gives a baseline need of 278 dwellings and an affordability adjustment of 126 dwellings, giving a total annual housing requirement of 404 dwellings. The affordability adjustment to Malvern Hills Standard Method calculation represents an increase of approximately 45%; this increase is deemed more than sufficient in order to address the affordability issues in Malvern Hills District.

Under the proposed revised Standard Method calculation, Malvern Hills will have a higher baseline need of 380 dwellings (using the latest household growth projections) and an affordability adjustment of some 537 dwellings, an increase in the baseline need of 141% with around half of this additional requirement based on the increase in affordability ratio over the past 10 years.

It is considered that the baseline need should be the starting point and that an adjustment should be made based on affordability using the latest affordability ratio available, but the inclusion of an additional element of affordability adjustment based on change in affordability over the last 10 years goes too far and is unsustainable.

**Do you agree that authorities should be planning having regard to their revised standard method need figure, from the publication date of the revised guidance, with the exception of:**

**Q6: Authorities which are already at the second stage of the strategic plan consultation process (Regulation 19), which should be given 6 months to submit their plan to the Planning Inspectorate for examination?**

**Q7: Authorities close to publishing their second stage consultation (Regulation 19), which should be given 3 months from the publication date of the revised guidance to publish their Regulation 19 plan, and a further 6 months to submit their plan to the Planning Inspectorate?**

**If not, please explain why. Are there particular circumstances which need to be catered for?**

The incorporation of a transition period for the introduction of the revised Standard Method is critical to ensure resources invested in plan making to date aren't wasted, particularly where there are proposed to be substantial increases in the Standard Method output.

It is agreed that the transition periods should apply from the publication date of the revised guidance, however it is considered that the proposed timescales should be extended, as follows:

- Local authorities which are already at the second stage of the strategic plan consultation process (Regulation 19) are given 6 months to submit their plan to the Planning Inspectorate for examination.
- Local authorities close to publishing their second stage consultation (Regulation 19) should be given 6 months from the publication date of the revised guidance to publish their Regulation 19 plan and a further 6 months to submit their plan to the Planning Inspectorate.

This proposed allowance of 6 months, as opposed to 3 months, for local authorities close to publishing their second stage consultation (Regulation 19) will allow Local Plans which have been under production for a number of years, such as the South Worcestershire Development Plan Review which commenced in late 2017, to continue without having to revert back to an

earlier stage of the process and thus delaying the introduction of the Local Plan. This is particularly important given the delays in the production of the majority of Local Plans due to the Covid-19 pandemic; the South Worcestershire Development Plan Review Regulation 19 consultation was originally scheduled for October 2020 but due to the impacts of the Covid-19 pandemic on evidence collation this has had to be delayed for up to 12 months. To then render work done on the South Worcestershire Development Plan Review invalid through the introduction of a revised Standard Method without a sufficient and appropriate transition period would not only be unreasonable to the local authorities involved but will also delay development outlined in the South Worcestershire Development Plan Review from coming forward.

### **Summary of Potential Impacts of the Proposed New Standard Method on South Worcestershire**

As has been eluded to in response to questions 1-7, there is potential for significant impacts on south Worcestershire should the proposed new Standard Method be introduced as set out in the Changes to the Current Planning System consultation paper.

The current Standard Method gives an output of 1,253 dwellings per annum across south Worcestershire, as follows:

	<b>Baseline Need</b>	<b>Affordability Adjustment</b>	<b>Total Annual Dwelling Need</b>
<b>Malvern Hills</b>	278	126	404
<b>Worcester</b>	301	54	355
<b>Wychavon</b>	366	128	494
<b>SWDP TOTAL</b>	<b>945</b>	<b>308</b>	<b>1253</b>

Applying the proposed new Standard Method gives an output of 2,582 dwellings per annum across south Worcestershire, as follows:

	<b>Baseline Need</b>	<b>Affordability Adjustment</b>	<b>Total Annual Dwelling Need</b>
<b>Malvern Hills</b>	380	537	917
<b>Worcester</b>	230	60	290
<b>Wychavon</b>	799	576	1375
<b>SWDP TOTAL</b>	<b>1409</b>	<b>1173</b>	<b>2582</b>

This is clearly a substantial increase and 2,582 dwellings is significantly more than has ever been delivered by the housing market in south Worcestershire in any given year since monitoring began in the 1980's. The fact that the housing market has delivered more than the long run local average since the last recession is a reflection of demand rather than outstanding housing need. A requirement to deliver 2,582 dwellings per annum would equate to more than 50,000 new dwellings over a 20-year plan period. Assuming the volume housebuilders were

sufficiently confident that there were enough house buyers out there to warrant building (if not all that will happen is a surge in the size of an already large land bank), this could only be delivered across south Worcestershire by building in unsustainable locations i.e. on the edges of villages or through urban extensions or new settlements, both of which options would require significant infrastructure funding in order for them to function sustainably. The overriding priority for planning has to be development which is supportive of the Climate Change agenda.

### Delivering First Homes

**Q8: The Government is proposing policy compliant planning applications will deliver a minimum of 25% of onsite affordable housing as First Homes, and a minimum of 25% of offsite contributions towards First Homes where appropriate. Which do you think is the most appropriate option for the remaining 75% of affordable housing secured through developer contributions? Please provide reasons and / or evidence for your views (if possible):**

- i) Prioritising the replacement of affordable home ownership tenures, and delivering rental tenures in the ratio set out in the local plan policy.**
- ii) Negotiation between a local authority and developer.**
- iii) Other (please specify)**

iii) Other.

The priority for the South Worcestershire Councils would be for rented housing to satisfy and increasing demand as evidenced by the housing register. Social rent levels are strongly preferred due to affordability issues, but affordable rents are also accepted on some sites.

In order to provide some context, the South Worcestershire Council's 2019 Strategic Housing Market Assessment (SHMA) uses July 2018 housing register evidence to establish affordable housing need across South Worcestershire. The housing register evidence and lettings data indicates there is a net annual imbalance of 489 affordable dwellings across the South Worcestershire Development Plan (SWDP) area. The majority of the identified need is in Worcester City at 374 dwellings per annum, with Wychavon and Malvern Hills requiring 43 and 72 dwellings per annum, respectively.

In terms of relative affordability (based upon lower quartile prices) the 2019 SHMA notes that Malvern Hills is the least affordable of the SWDP local authority areas followed by Wychavon and Worcester City. In terms of relative affordability (based on median prices), the SHMA notes that under residence-based data, the affordability ratio is slightly lower, indicating that properties are more affordable in Malvern Hills and Wychavon, but slightly higher and therefore less affordable in Worcester City.

In meeting the identified affordable housing need and addressing affordability, the South Worcestershire Councils are concerned that in addition to First Homes, developers could also negotiate for shared ownership units, which could reduce the amount of rented housing to a level lower than the equivalent amount that would normally be secured under the present system.

Conversely, the South Worcestershire Councils are also concerned that First Homes, in addition to other shared ownership units, could saturate the market with affordable home ownership products, resulting in a lack of demand in some areas, especially the rural areas. However, there will still be a place for shared ownership products as for some people this is the only affordable home ownership option, as they may not be able to afford a First Home. It is therefore important to ensure that there is a sufficient supply of shared ownership homes, where appropriate, and not for First Homes to replace shared ownership altogether. It is important that out of the remaining 75%, local authorities have the ability to ensure that rented housing is prioritised, but that First Homes should have a flexible discount which could see it replace shared ownership as a tenure.

The delivery of First Homes appears to be somewhat at odds with government proposals to exempt affordable housing contributions on sites of up to 40 or 50 dwellings, with the exception of sites within the designated rural areas. This measure could reduce affordable housing delivery in areas where there is a high identified need, such as Worcester City.

**With regards to current exemptions from delivery of affordable home ownership products:**

**Q9: Should the existing exemptions from the requirement for affordable home ownership products (e.g. for build to rent) also apply to apply to this First Homes requirement?**

No, all sites with First Homes should also include an element of affordable housing and not be exempt. In cities where development land is scarce, such as Worcester, the city council need to maximise delivery of affordable housing on site. Commuted sums whilst providing a capital receipt do not appropriately address provision of affordable housing as this is dependent on securing land which is difficult. The priority for affordable housing across south Worcestershire is for rented accommodation. Sites delivering First Homes should also be contributing to this requirement.

**Q10: Are any existing exemptions not required? If not, please set out which exemptions and why.**

No.

**Q11: Are any other exemptions needed? If so, please provide reasons and /or evidence for your views.**

No.

**Q12: Do you agree with the proposed approach to transitional arrangements set out above?**

For plan making, the adopted Local Plan (the South Worcestershire Development Plan) is currently being updated. The South Worcestershire Councils are currently working towards the

Regulation 19 stage of the plan making process. Given that the enactment date for the First Homes policy is unknown, it is therefore currently unclear if the South Worcestershire Development Plan will be submitted for Examination within six months of the new policy being enacted. The South Worcestershire Councils would therefore like to see a more flexible period of transition so that work on the South Worcestershire Development Plan Review to date does not amount to a wasted effort.

In terms of housing, the South Worcestershire Councils are flexible in their negotiations for affordable housing at present and so substitution of tenures such as rent to buy or shared ownership for First Homes would be acceptable in principle.

**Q13: Do you agree with the proposed approach to different levels of discount?**

Yes. Local authorities should be able to negotiate with developers for appropriate levels of discount for First Homes within an identified range. A set discount is likely to not be appropriate because of difference with house prices between areas which could cause issues with affordability. As the Government are looking at replacement of shared ownership products with First Homes, it may be a greater level of discount can achieve this. The South Worcestershire Councils would also like guidance from Government to make sure that the homes stay affordable in perpetuity and are not lost to the market.

**Q14: Do you agree with the approach of allowing a small proportion of market housing on First Homes exception sites, in order to ensure site viability?**

If there is a demonstrable need for First Homes in an area and it is proven that there are viability issues, then a small element of market housing may be considered acceptable, but this would have to be subject to a viability assessment process. A definition of a “small proportion” would be helpful. Uptake of entry-level exception sites has been limited in part due to a lack of clarity about application (First Homes consultation document, February 2020). It is important that requirements and guidance relating to First Homes exception sites is clear from the outset.

Support proposals that this policy will not apply in designated rural areas, where delivery will be through the rural exception sites policy.

**Q15: Do you agree with the removal of the site size threshold set out in the National Planning Policy Framework?**

No, a site size threshold should remain. “*Proportionate in size to the existing settlement*” is too vague. Alternatively, local authorities could set their own thresholds.

A lack of restrictions on size could lead to haphazard and unsustainable developments.

**Q16: Do you agree that the First Homes exception sites policy should not apply in designated rural areas?**

Yes. The South Worcestershire Councils agree that designated rural areas should be exempt from the First Homes policy as a key driving force of many rural exceptions sites is to secure affordable rented and shared ownership housing.

In the rural areas of Malvern Hills and Wychavon, the main requirements for affordable housing is for rented accommodation and a smaller proportion of affordable home ownership products. In order to meet this demand, rural exception sites seem to be the best approach as this approach would enable a range of tenures to meet the identified need appropriately.

Supporting Small and Medium Sized Developers

**Q17: Do you agree with the proposed approach to raise the small sites threshold for a time-limited period?**

No, LPAs have adopted planning policies which set out the thresholds that are evidence based and appropriate for their area; these policies have been through Examination and found to be sound. Also, there is no evidence to suggest that locally market led housing schemes on small sites cannot afford to deliver the required element of affordable housing. If there are issues of scheme viability then these can currently be pursued through the submission of a Viability Assessment for the site.

The affordability of new housing is problematic in many areas and the introduction of a considerably higher national threshold will mean that many developments will no longer deliver housing that is affordable to local people, particularly for first time buyers, young people and families. This will impact on communities in villages, rural towns and smaller cities where there are often fewer opportunities for larger sites to come forward. The introduction of the new national threshold would effectively mean that most sites in these locations would not include any affordable housing which would result in fewer local people being able to access the affordable housing that they need.

For context, in Worcester City only approximately 62% of allocations are on sites of less than 40 units, similarly 61% of sites in the towns of rural Worcestershire are on sites of less than 40 units and in the villages the figure is even higher with 75% of sites less than 40 units in size.

It is agreed that LPAs should be able to secure contributions for affordable housing where it is apparent that a larger site is being brought forward, but the SWCs would like the opportunity to comment on any further guidance on this.

Furthermore, the government proposals to exempt affordable housing contributions on sites of up to 40 or 50 dwellings, with the exception of Designated Rural Areas, will reduce the amount of affordable housing delivered in areas of greatest need and appears to be somewhat at odds with the intentions of First Homes initiative.

**Q18: What is the appropriate level of small sites threshold?**

**i) Up to 40 homes**

**ii) Up to 50 homes**

**iii) Other (please specify)**

Other - it is appropriate for Local Authorities to set their own thresholds that are appropriate for their areas based on local e development viability evidence.

**Q19: Do you agree with the proposed approach to the site size threshold?**

No. LPAs have adopted planning policies which set out the thresholds that are evidence based and appropriate for their area; these policies have been through Examination and are fit for purpose. The affordability of new housing is problematic in many areas and the introduction of a considerably higher national threshold will mean that many developments will no longer deliver housing that is affordable to local people, particularly first time buyers, young people and families. This will particularly impact on communities in villages, rural towns and smaller cities where there are often fewer opportunities for larger sites to come forward. The introduction of the new national threshold would effectively mean that most sites in villages and smaller towns would not include any affordable housing which would result in fewer local people being able to access affordable housing that they need.

**Q20: Do you agree with linking the time-limited period to economic recovery and raising the threshold for an initial period of 18 months?**

Do not agree that the national thresholds should be introduced, but if they are, then they should be for a temporary period only and be for a maximum of 18 months.

**Q21: Do you agree with the proposed approach to minimising threshold effects?**

It is agreed that LPAs should be able to secure contributions for affordable housing where it is apparent that a larger site is being brought forward, but the SWCs would like the opportunity to comment on any further guidance on this.

**Q22: Do you agree with the Government's proposed approach to setting thresholds in rural areas?**

It is agreed that sites in Designated Rural Areas should be excluded from the new national thresholds, but this will not cover most rural areas or rural towns.

**Q23: Are there any other ways in which the Government can support SME builders to deliver new homes during the economic recovery period?**

Through loans.

### Extension of the Permission in Principle Regime

#### **Q24: Do you agree that the new Permission in Principle should remove the restriction on major development?**

No. It is questioned whether the proposed changes would actually help supply affordable housing and quality places people want to live and how such changes would speed up housing delivery when the information requirements at the Technical Details Consent stage of the application process remain the same as for a full planning application; whilst some benefit to developers in delaying the incurrance of costs for surveys and detailed drawings is acknowledged such surveys and drawings will still be required.

It is noted that at present the Permission in Principle and Technical Details Consent route for applications is only more cost effective for applicants in the event that the application is refused and as a result the uptake has been low and the typical site a complex one with underlying planning issues. Clearly larger sites tend to face a greater number of planning issues such as noise, visual impact, flooding, highway safety, none of which can be considered at the Permission in Principle stage of the application but all of which are central to the determination of planning applications to ensure a sustainable form of development. Clearly, therefore, the current system runs the risk of granting Permission in Principle consents which can never be implemented due to over-arching concerns relating to such material planning considerations. This could lead to land banking which does not increase housing delivery. In principle concerns relating to such matters cannot be raised during the determination of a Permission in Principle application but would have been in an outline or full planning application. The potential result of this is a permission that cannot be implemented, wasted cost for the developer when commissioning the same surveys, drawings etc to accompany the Technical details Consent application, including the potential for wasted land transactions for sites with Permission in Principle. The potential for such issues to shape whether a site is acceptable for residential development are significantly increased for major sites which, by virtue of the site size, tend to face more issues and result in a greater impact. To raise the upper threshold for Permission in Principle applications runs the risk of wasted time and money for developers in pursuing sites which face serious constraints and cannot be developed, thereby impacting upon housing delivery and the capacity to meet housing targets, when efforts should be targeted towards deliverable sites.

Furthermore, it should be noted that it is the major planning applications which generate the most community involvement. To include major applications within the Permission in Principle consent runs the risk of undermining the public's confidence in the planning process and their LPA as it is likely that many of their concerns (traffic impact, highway safety, overlooking, impact on local services being commonly-cited objections to major planning applications) cannot be considered at the Permission in Principle stage of the application. To approve such applications against such a tide of local objection raising valid material planning objections is likely to result in a harmful impact and is at odds with the current system which seeks to include local

communities at the heart of decision making. It is questioned how the public could actively engage and a planning committee determine a major PiP application in the short timescales prescribed.

There is also the concern that very few members, parish, town councillors, community groups or members of the public understand the current PiP consent regime and to extend it to major proposals would not reduce this uncertainty but lead to increased frustration with the planning system.

In summary it is considered that the raising of the upper limit for Permission in Principle applications oversimplifies the planning process, will result in wasted time and expense to developers and have an associated impact on housing delivery potentially leading to increased land banking. The system does not offer up-front certainty and it is suggested that this is the reason why the uptake has been so slow.

**Q25: Should the new Permission in Principle for major development set any limit on the amount of commercial development (providing housing still occupies the majority of the floorspace of the overall scheme)? Please provide any comments in support of your views.**

Such proposals should continue to apply only to minor schemes as major proposals are likely to have a far greater impact without the capacity for the LPA to consider impact on existing centres.

**Q26: Do you agree with our proposal that information requirements for Permission in Principle by application for major development should broadly remain unchanged? If you disagree, what changes would you suggest and why?**

No, for the reasons set out in response to earlier questions it is disagreed that major proposals can be appropriately considered under Permission in Principle consent.

**Q27: Should there be an additional height parameter for Permission in Principle? Please provide comments in support of your views.**

The capacity of the LPA to make such an assessment relating to building heights without the benefit of supporting information in relation to the impacts of the development is questioned. Without the benefit of supporting statements such as a Landscape and Visual Impact Assessment (which cannot be requested at the Permission in Principle application stage) the LPA would have no evidence upon which to base setting such parameters. The value of setting such parameters is considered to be limited in any case given that the consent sets an upper limit for dwelling numbers which can theoretically be accommodated on the site. To specify dwelling heights in addition to this would force the LPA to make a judgement on appropriate building scales for a site without the benefit of an appropriate level of detail to support such an imposition.

**Q28: Do you agree that publicity arrangements for Permission in Principle by application should be extended for large developments? If so, should local planning authorities be:**

**i) required to publish a notice in a local newspaper?**

**ii) subject to a general requirement to publicise the application or**

**iii) both?**

**iv) disagree**

**If you disagree, please state your reasons.**

Publicity requirements should be the same as for other full, outline or reserved matters major developments as set by the individual LPA.

**Q29: Do you agree with our proposal for a banded fee structure based on a flat fee per hectare, with a maximum fee cap?**

The current fees do not encourage use (only for those who expect to have permission refused) and so the combined cost of PiP and TDC should be the same as the cost of a full application- they should not be less as the work and consultation carried out by the LPA remains the same. If fees are to be amended then they should reflect the fact that the majority of the work on behalf of the LPA will be placed in determining the TDC application.

**Q30: What level of flat fee do you consider appropriate, and why?**

Any flat rate fee should follow a cost assessment exercise by LPAs to assess the actual costs incurred in processing such applications rather than setting a fee which does not appear to be based on any evidence.

**Q31: Do you agree that any brownfield site that is granted Permission in Principle through the application process should be included in Part 2 of the Brownfield Land Register? If you disagree, please state why.**

Yes.

**Q32: What guidance would help support applicants and local planning authorities to make decisions about Permission in Principle? Where possible, please set out any areas of guidance you consider are currently lacking and would assist stakeholders.**

Very few members, parish, town councillors, community groups or members of the public understand the PiP consent regime and so any extension which would result in the submission of more PiP applications should be accompanied by a programme which seeks to inform such members of their role and the limitations of such applications. This could potentially ensure that fewer applications are referred to committee and fewer complaints from local residents that their views have not been taken into account are received.

**Q33: What costs and benefits do you envisage the proposed scheme would cause? Where you have identified drawbacks, how might these be overcome?**

Costs- potential costs to the developer in pursuing sites which have a PiP but which are not suitable for development due to site constraints. Wasted expense to applicants in commissioning reports. This impact would be lessened if major applications were not included within PiP consents.

It is not considered that the scheme would result in benefits- it would not increase or speed up housing delivery and would potentially undermine public confidence.

**Q34: To what extent do you consider landowners and developers are likely to use the proposed measure? Please provide evidence where possible.**

PiP uptake has been slow and tends to be used for sites which the applicant does not consider will be granted permission. Typically such applicants do not request pre-application advice prior to submission. It is possible therefore that if extended to major applications these too would only be used for complex sites with a number of planning issues which may prevent TDC consents from being granted or may be time-consuming in determination.

Public Sector Equality Duty

**Q35: In light of the proposals set out in this consultation, are there any direct or indirect impacts in terms of eliminating unlawful discrimination, advancing equality of opportunity and fostering good relations on people who share characteristics protected under the Public Sector Equality Duty?**

**If so, please specify the proposal and explain the impact. If there is an impact – are there any actions which the department could take to mitigate that impact?**

*Changes to the Standard Method*

The dwelling stock adjustment needs to include communal establishments, particularly where there are high student populations or where extra care schemes are prevalent. The housing requirement will encompass the need for all types of communal accommodation suited to different groups, so the contribution of communal establishments to the dwelling stock should be included in the base figure to ensure that the needs of people that require access to these types of accommodation are included in the calculation.

*First Homes*

The key concern with regards to equalities impacts is due to the continued prioritisation of home ownership over and above the provision of affordable housing. The Public Sector Equality Duty extends to the protected characteristics of age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The introduction of First Homes is likely to lead to a reduction in the provision of other affordable housing tenures. The Councils are concerned by the likely impacts on the delivery of genuinely affordable housing for those in housing need, as opposed to those who would find it difficult to access home ownership. Local authorities are required to operate allocations schemes which do not discriminate on the basis of any of the protected characteristics under the Public Sector Equality Duty. It is generally acknowledged that some protected groups are more likely to need to access affordable housing, and that some groups are more likely to need to access social rent tenures, particularly in areas where market rents are high leading to a significant gap between “social rent” and “affordable rent”.

The introduction of the First Homes requirement introduces risks to the delivery of affordable homes for rent which may make it more difficult for groups who are more likely to live in rented accommodation to afford a suitable home. The introduction of First Homes is therefore likely to impact on older people with support needs, people with disabilities and low income households. The Social Metrics Commission’s July 2020 Report, Measuring Poverty Report<sup>1</sup>, found that the rate of poverty is much higher for Black and Minority Ethnic families with 46% of all people living in families where the household head is Black/African/Caribbean/Black British being in poverty, compared to just 19% of those living in families where the head of household is White. Therefore, any impacts experienced by low income households are likely to disproportionately affect Black and Minority Ethnic households.

It should be noted that the July 2020 Commons Select Committee report, Building More Social Housing<sup>2</sup>, made the recommendation that social housing provision should be increased, including through direct grant funding from central Government. The report notes, at Paragraph 67, that cross-subsidy models have reached their limits and that there is an urgent need for direct Government grant funding to address the subsidy gap for socially rented homes. The Councils are concerned that the introduction of the First Homes policy will further limit the potential for the provision of socially rented homes which are currently being delivered through cross subsidy. Delivering First Homes in the way proposed is likely to displace the provision of genuinely affordable social rent homes. It is likely to benefit more affluent households to the detriment of those already unable to access a secure and affordable home. A continued supply of homes for “social rent” is of vital importance to low income households and could support entry to wider home ownership in the future as low income households are able to “staircase” to ownership through the “right to buy”.

Prospective homeowners are currently supported into home ownership through a plethora of schemes including shared ownership, “right to buy” discounts, the existing “Help to Buy” scheme and the new (Autumn 2020) “Help to Buy” scheme. People in genuine housing need cannot access any of these routes to a home. First and foremost local authorities have a duty to ensure that households are suitably housed, not provide individuals with private assets. It is suggested that the proposed national requirement for 25% delivery on all sites is removed so that Councils

---

<sup>1</sup> <https://socialmetricscommission.org.uk/wp-content/uploads/2020/06/Measuring-Poverty-2020-Web.pdf>

<sup>2</sup> <https://committees.parliament.uk/publications/2102/documents/19835/default/>

would be able to include First Homes as a type of affordable housing within their S106 negotiations, alongside other existing low cost home ownership options. This recognises the fact that there is no set proportion of affordable homes of different tenures which will be suitable for each proposal across the country. A country wide requirement risks the provision of homes which are not suitable to their markets at the expense of much needed affordable tenures.

The proposed 30% discount to market house prices is unlikely to open home ownership to those who could not access the market in many locations across the country. There are many areas where even a 50% discount would not bring median priced homes into the reach of median income households. The Councils would welcome the consideration of a default position which secures unsuccessfully marketed First Home to another affordable tenure.

To minimise the impacts on groups with protected characteristics under the proposed introduction of First Homes as a replacement S106 tenure, the following factors should be considered:

- Provide further direct grant funding for social rent tenures to ensure that the overall number of social rent homes in each district is not reduced.
- Ensure that Home Purchase Plans and a range of other suitable mortgage products are available for First Home purchase.
- Clarify accessibility standards to specify whether these should reflect the overall development mix or be a microcosm of the amount that is required by adopted policy/building regulations.

#### *Affordable Housing Threshold Reduction*

The Councils welcome the exclusion of Designated Rural Areas from the proposals in recognition that sites in rural areas are often smaller, and that the affordable housing achieved on such development sites is critical to the delivery of affordable housing in rural areas. However, the Councils are also concerned about the implications of reducing the threshold in urban areas. There are very few development opportunities in densely built urban areas. It would be poor planning to remove the prospect of on-site affordable housing provision from all but the largest sites until the economy recovers. There is a paucity of evidence to suggest that SME builders will be more likely to build in a downturn due to reduced affordable housing contributions. The evidence from the 2008 recession is that sales of market housing for affordable housing through the National Clearing House supported all housebuilders, allowed housebuilding to continue and boosted affordable housing delivery. This evidence is highlighted in the July 2020 Select Committee Report<sup>3</sup>.

The subsequent reduction in the provision of affordable housing is a potential indirect negative equalities impact. There is potential to reduce the amount of affordable housing being located

---

<sup>3</sup> <https://committees.parliament.uk/publications/2102/documents/19835/default/>

within existing communities within urban areas, leaving delivery to be concentrated within larger more peripheral development. Since some groups sharing protected characteristics are more likely to need to access affordable housing, there may be a locational impact which will in turn limit the achievement of mixed and balanced communities.

*Permission in Principle*

It is the Councils' view that to avoid potential equalities impacts from the extension of the PiP regime, advertising of scheme proposals should be commensurate with applications for planning permission and be guided by the same accessibility arrangements.