



TaxPayers' Alliance response to the Department for Communities and Local Government consultation on *Fixing our broken housing market*

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Executive Summary

This note is the TaxPayers' Alliance response to the consultation on *Fixing our broken housing market*, the Department for Communities and Local Government white paper on housing. This executive summary makes five broad points. Our responses to individual questions then follow.

1. The white paper correctly diagnoses **the problem of a shortage of supply**
2. **It fails, however, to address the importance of the planning system** in causing the shortage
3. Without reform to enable more development on land with excess demand, **the crisis will continue and deepen**
4. Some proposals are **worthwhile but fail to match the scale** of the challenge
5. **Some proposals are fundamentally flawed** and would exacerbate the crisis

Explanation of the five broad points:

1. The white paper correctly diagnoses the problem of a shortage of supply

The white paper's diagnosis is excellent. "Soaring prices and rising rents caused by a shortage of the right homes in the right places" is the problem, as the secretary of state rightly says. The prime minister correctly says "we need more land for homes where people want to live" and that "high housing costs hurt ordinary working people the most".

In a study of British housing markets, economists Christian Hilber and Wouter Vermeulen found "a substantial impact of regulatory supply constraints [...] The baseline estimate yields a reduction [in house prices] of 35 per cent [if the planning system were completely relaxed]. [...] House prices would be roughly 25 per cent lower in the South East, had it the restrictiveness level of the North East, which is arguably still highly restrictive in an international context".¹

The white paper further points out that "high property prices stop people moving to where the jobs are". This is a crucial point, with implications far beyond a narrow assessment of housing affordability

¹ Hilber, C., & Vermeulen, W., The impact of restricting housing supply on house prices and affordability, final report, DCLG, 2014

on household budgets. It means unemployment is higher and wages are lower because people are discouraged from moving to find work and better jobs. It means productivity is lower for two reasons. First, because growth companies' expansion is limited due to the difficulty in finding all the staff they need to expand. Secondly, because commercial property is also affected, prompting companies to pay less attention to employees and more attention to property. All that means lower incomes and a weaker, more sluggish economy.

Building on work by economists Enrico Moretti at Berkeley and Chang-Tai Hsieh at Chicago Booth which estimated the impact of US regulations at between 9 and 13 per cent of the US economy, the campaign group London YIMBY calculated that the equivalent figure for Britain's much more restrictive planning system implies a cost of up to 40 per cent of GDP.²

That is the enormous scale of the problem, in the same order of magnitude as the entire public sector. The problem is not limited to the housing market. All property markets are affected, leading to spillover effects in labour markets and product markets.

2. It fails, however, to address the importance of the planning system in causing the shortage

Unfortunately, the white paper spreads the blame too widely and consequently fails to target the overwhelmingly dominant cause of the crisis: overly-restrictive planning. The white paper identifies three 'major problems' stand in the way of increasing supply: too few local plans that meet projected household growth; too large a time gap between dates homes are granted permission and construction is completed; and too much concentration of market power within the housebuilding sector.

There is an element of truth to all three claims. But none constitute the major issue while all are consequences of it. A fundamentally sound land use system would not need central 'five year plans' to accommodate projected growth. It would not lead to developers having to plan a pipeline of sites far ahead (and they would not matter anyway). And it would not favour the biggest companies most able to navigate the expensive bureaucracy of the system.

Unsurprisingly, therefore, even the beneficial proposals tragically fall far short of the mark, while others would be counter-productive.

3. Without reform to enable more development on land with excess demand, the crisis will continue and deepen

There are many aspects to the particularly restrictive nature of the British land use planning system. The most significant and destructive fall under two categories: the green belt and anti-density rules. The green belt chokes off the lateral expansion of major cities at their periphery. A multitude of planning regulations which can be thought of collectively as anti-density rules, meanwhile, constrain the ability of urban and suburban areas to densify. They include design restrictions which limit the height and massing of buildings to maintain street width to building height ratios, maintain existing rooflines and streetscapes, protect neighbours against loss of daylight and preserve open space, including in rear gardens.

² London YIMBY, 12 December 2016, [accessed 2 May 2017, www.londonyimby.org/blog/2016/12/10/the-uks-hidden-handcuffs]

Together with minimum standards on issues including accessibility, light and internal dimensions, they make it impossible or practically unviable to build the very popular, mid-to-high density mid-rise terraces and mansion blocks of between five and ten floors which grace much of central west London. The campaign group Create Streets has explored this in some detail. Beyond this, restrictions on tall buildings and vertical and full width home extensions, particularly in conservation areas, further exacerbate the shortage of residential property.

Interesting work on how to relax these restrictions in vote-winning ways has been undertaken by both Create Streets and London YIMBY. The latter's proposal to devolve some planning power to street level is particularly commendable from a political perspective.

4. Some proposals are worthwhile but fail to match the scale of the challenge

Proposals such as the requirement for planning authorities to plan for projected household growth will help. But the proposal still relies on top-down central statistics and 'five year plans' which effectively ignore both the vast scale of the existing problem and much of its spatial distribution. By contrast, prices and rents convey this information effectively. The whole reason rents per comparable unit (such as area of floorspace) are higher in area A than area B is that the requirement for housing there is greater (relative to supply).

Projections for household growth in high cost areas already have the effect of existing shortages 'baked in' due to the pricing out effect of high prices and high rents. Relying on price and rent data to indicate shortages would be likely to lead to produce much more sophisticated analysis and therefore much more efficient outcomes. The white paper has many worthwhile proposals, including tightening the definitions of 'sound' plans, encouraging greater use of neighbourhood planning and addressing the scope for higher density housing in urban locations.

5. Some proposals are fundamentally flawed and would exacerbate the crisis

Unfortunately, some proposals are dangerous and would threaten to exacerbate the housing crisis. In particular, tightening the green belt by insisting that councils jump through more administrative hoops (in requirements to "fully examine" various matters) and demanding released land to be offset by improvements elsewhere are likely to prove problematic. Other suggestions, such as allowing councils to consider developers' track record of completing construction of homes granted permission reveals a misunderstanding about both the underlying cause of the housing shortage and the likely chilling effect of punishing risk takers who make speculative planning applications for potential schemes which eventually turn out not to be viable. We are also concerned about the tacit encouragement of local authorities to play at being property developers with taxpayers' money.

Fixing our broken housing market – consultation questions

Proposals from Chapter One

Question 1

Do you agree with the proposals to:

- a) Make clear in the National Planning Policy Framework that the key strategic policies that each local planning authority should maintain are those set out currently at paragraph 156 of the Framework, with an additional requirement to plan for the allocations needed to deliver the area's housing requirement?
- b) Use regulations to allow Spatial Development Strategies to allocate strategic sites, where these strategies require unanimous agreement of the members of the combined authority?
- c) Revise the National Planning Policy Framework to tighten the definition of what evidence is required to support a 'sound' plan?

TPA RESPONSE

The scale of the damage wrought by the planning system on property markets, including housing markets, and by extension labour and product markets, is so great and the system is so fundamentally flawed that it is hard to see the suggested minor tweaks to things such as the definition of a 'sound' local plan or allowing a group of councils who already unanimously agree on a spatial development strategy to use that strategy to 'allocate strategic sites' making any perceptible difference. We support attempts to constrain the system's powerful ability to obstruct property development together with the growth and economic development which accompanies it, however.

Question 2

What changes do you think would support more proportionate consultation and examination procedures for different types of plan and to ensure that different levels of plans work together?

TPA RESPONSE

No comment

Question 3

Do you agree with the proposals to:

- a) amend national policy so that local planning authorities are expected to have clear policies for addressing the housing requirements of groups with particular needs, such as older and disabled people?
- b) from early 2018, use a standardised approach to assessing housing requirements as the baseline for five year housing supply calculations and monitoring housing delivery, in the absence of an up-to-date plan?

TPA RESPONSE

Every planning regulation operates akin to a tax and spending measure combined into a single mechanism but without any cash flowing through government accounts. In this way, planning policies which mandate developers to provide something are akin to imposing a tax and then

handing it back as a subsidy to the developer to deliver the policy objective. The last thing the economy needs is for central government to mandate even more comprehensive regulations through the planning system, even if done so in the name of people with particular needs. The planning system is a particularly bad, blunt and expensive tool for assisting people's particular needs. Its only merit is a political one: that the economic costs are hidden from political view and imposed on home-buyers and tenants while appearing to be paid for by politically unpopular property developers. If there is to be any review of planning regulations in this regard, it should be limited to asking planning authorities to identify any requirements that could be scrapped because they inhibit developers from responding to demand.

However, while we believe that the whole approach to assessing the need for housing in an area should be substantially reformed by replacing bureaucratic measures with a greater understanding of the role that prices and rents play in this regard, standardising the bureaucratic approach to assessing requirements would present some marginal benefits, by enhancing transparency between local authority areas.

Question 4

Do you agree with the proposals to amend the presumption in favour of sustainable development so that:

- a) authorities are expected to have a clear strategy for maximising the use of suitable land in their areas?;
- b) it makes clear that identified development needs should be accommodated unless there are strong reasons for not doing so set out in the NPPF?;
- c) the list of policies which the Government regards as providing reasons to restrict development is limited to those set out currently in footnote 9 of the National Planning Policy Framework (so these are no longer presented as examples), with the addition of Ancient Woodland and aged or veteran trees?
- d) its considerations are re-ordered and numbered, the opening text is simplified and specific references to local plans are removed?

TPA RESPONSE

We support the proposal to expect authorities to have a clear strategy for maximising the use of suitable land, but as long as the government continues to duck the decision to substantially reform the obstacles that prevent maximised use remain in place (ie, the green belt and massing/height restrictions), such a tweak can only have limited effect. The same point applies to restricting the capacity to object to cases where a 'strong' reason exists.

Question 5

Do you agree that regulations should be amended so that all local planning authorities are able to dispose of land with the benefit of planning consent which they have granted to themselves?

TPA RESPONSE

We are concerned about the scope for empire-building councils to imagine themselves as property developers but, on balance, yes.

Question 6

How could land pooling make a more effective contribution to assembling land, and what additional powers or capacity would allow local authorities to play a more active role in land assembly (such as where 'ransom strips' delay or prevent development)?

TPA RESPONSE

We do not wish to encourage councils to build property empires under the misguided notion that the shortage is predominantly caused by anything other than restrictions on development. It is the restrictiveness of planning systems (together with natural restrictions, such as rivers, mountains etc) which create scarcity of homes and therefore high prices. Compulsory purchase, or other schemes fundamentally similar, offer an illiberal and arbitrary power which ought to be minimised. The growing calls to allow councils greater powers to effectively seize property in this way should serve as an indicator of the extent of the damage caused by planning restrictions. Real reform is needed.

On a practical level, we question the utility of the implied proposal. Authorities where additional housing is most needed (ie, the ones where rents and prices are highest) are those which are least likely to want to assemble land for substantial development projects, because voters there are least likely to be concerned about the shortage. And restrictions on height and mass are more fundamental anyway, in London, while green belt restrictions are in London's commuter belt.

Question 7

Do you agree that national policy should be amended to encourage local planning authorities to consider the social and economic benefits of estate regeneration when preparing their plans and in decisions on applications, and use their planning powers to help deliver estate regeneration to a high standard?

TPA RESPONSE

Yes, but this must not be used as a means to strengthen already questionable quasi property rights of existing tenants at the expense of taxpayers or indeed those on council waiting lists. Fortunate 'insiders' may prefer smaller, lower-density schemes while bigger schemes with more homes might benefit 'outsiders': taxpayers, those on waiting lists and even tenants in private rented accommodation in connected markets.

Question 8

Do you agree with the proposals to amend the National Planning Policy Framework to:

- a) highlight the opportunities that neighbourhood plans present for identifying and allocating small sites that are suitable for housing?;
- b) encourage local planning authorities to identify opportunities for villages to thrive, especially where this would support services and help meet the authority's housing needs?;
- c) give stronger support for 'rural exception' sites – to make clear that these should be considered positively where they can contribute to meeting identified local housing needs, even if this relies on an element of general market housing to ensure that homes are genuinely affordable for local people?;
- d) make clear that on top of the allowance made for windfall sites, at least 10% of sites allocated for residential development in local plans should be sites of half a hectare or less?;

e) expect local planning authorities to work with developers to encourage the sub-division of large sites?; and

f) encourage greater use of Local Development Orders and area-wide design codes so that small sites may be brought forward for development more quickly?

TPA RESPONSE

We support greater use of neighbourhood plans and local development orders. However, neighbourhoods are currently far too large and should be reformed so that individual streets can classify themselves as a neighbourhood for this purpose. The current system is too 'top down' and should be reformed with a 'bottom up' approach that meaningfully devolves power. Streets which wish to develop themselves contrary to the local authority plans should be free to override the planning authority, perhaps within a nationally-set framework. For example, a street may wish to develop itself into one of four or five storey terraced houses while guidelines in the local plan might prohibit this. In such circumstances, the street ought to be able to set its own rules and bypass the planning authority, within reason. The effect should only be to grant property owners greater rights to develop, however. Neighbourhood plans should not have the power to restrict any development which would be permitted at the local level.

More fundamentally, without meaningful reform to planning rules relating to issues such as loss of light, height and massing as well as relaxation of the green belt, meaningful progress on slowing down and reversing the housing crisis is unlikely to materialise.

Our cities need to be able to grow laterally and vertically as they did prior to the tightening of restrictions under the town and country planning acts since 1947. That means green belt reform involving declassification of enough land to make a substantial impact on housebuilding, together with a right to build not just to a height matching the neighbours, which merely ossifies existing urban forms, but to build taller than the neighbours so our cities, particularly London, can organically densify as homeowners take advantage of the right to build a little taller than their neighbours, subject to some reasonable limit (perhaps no more than two floors taller).

Question 9

How could streamlined planning procedures support innovation and high-quality development in new garden towns and villages?

TPA RESPONSE

Parishes should be able to declassify green belt land and designate it for extensions to villages or create new ones should they wish to. The department should consider measures which could increase engagement with younger people and those without enough time to devote to parish councils. For example, initiatives from groups of residents.

Question 10

Do you agree with the proposals to amend the National Planning Policy Framework to make clear that:

a) authorities should amend Green Belt boundaries only when they can demonstrate that they have examined fully all other reasonable options for meeting their identified development requirements?

- b) where land is removed from the Green Belt, local policies should require compensatory improvements to the environmental quality or accessibility of remaining Green Belt land?
- c) appropriate facilities for existing cemeteries should not to be regarded as 'inappropriate development' in the Green Belt?
- d) development brought forward under a Neighbourhood Development Order should not be regarded as inappropriate in the Green Belt, provided it preserves openness and does not conflict with the purposes of the Green Belt?
- e) where a local or strategic plan has demonstrated the need for Green Belt boundaries to be amended, the detailed boundary may be determined through a neighbourhood plan (or plans) for the area in question?
- f) when carrying out a Green Belt review, local planning authorities should look first at using any Green Belt land which has been previously developed and/or which surrounds transport hubs?

TPA RESPONSE

There is much green belt land that is neither high aesthetic quality nor accessible to the general public. Declassification of green belt land which fails to meet these two criteria involves minimal or no loss of amenity. We strongly disagree with any proposals to tighten the green belt by requiring authorities to 'look first' at other options and jump through other procedural hoops. We support declassification of green belt particularly surrounding transport hubs (if this term refers to railway stations) but we also recommend paying attention to the difference between land value with and without green belt designation as a measure of the economic damage the designation, and the benefit of declassifying it.

Question 11

Are there particular options for accommodating development that national policy should expect authorities to have explored fully before Green Belt boundaries are amended, in addition to the ones set out above?

TPA RESPONSE

No. Any addition to the list of things authorities must 'explore fully' before they can make a decision must be balanced by the inevitable delay and expense this will cause. The planning system already has too much delay and expense.

Question 12

Do you agree with the proposals to amend the National Planning Policy Framework to:

- a) indicate that local planning authorities should provide neighbourhood planning groups with a housing requirement figure, where this is sought?;
- b) make clear that local and neighbourhood plans (at the most appropriate level) and more detailed development plan documents (such as action area plans) are expected to set out clear design expectations; and that visual tools such as design codes can help provide a clear basis for making decisions on development proposals?;
- c) emphasise the importance of early preapplication discussions between applicants, authorities and the local community about design and the types of homes to be provided?;

d) makes clear that design should not be used as a valid reason to object to development where it accords with clear design expectations set out in statutory plans?; and

e) recognise the value of using a widely accepted design standard, such as Building for Life, in shaping and assessing basic design principles – and make clear that this should be reflected in plans and given weight in the planning process?

TPA RESPONSE

It is important that design is not used as a pretext for reducing density or the capacity of a site to increase the density in future.

Question 13

Do you agree with the proposals to amend national policy to make clear that plans and individual development proposals should:

a) make efficient use of land and avoid building homes at low densities where there is a shortage of land for meeting identified housing needs?;

b) address the particular scope for higher density housing in urban locations that are well served by public transport, that provide opportunities to replace low-density uses in areas of high housing demand, or which offer scope to extend buildings upwards in urban areas?;

c) ensure that in doing so the density and form of development reflect the character, accessibility and infrastructure capacity of an area, and the nature of local housing needs?;

d) take a flexible approach in adopting and applying policy and guidance that could inhibit these objectives in particular circumstances, such as open space provision in areas with good access to facilities nearby?

TPA RESPONSE

Requirements to reflect the character, accessibility and infrastructure of an area already serve as pretexts to object to development and these grounds ought to be substantially weakened, not reinforced. This approach of obstructing development because it does not reflect the lower density, shorter building-height character of an area or government services (such as transport, education or health services) are currently inadequate for the proposal has played a large part in creating the housing crisis. Government services should adjust to suit the public instead of expecting there to be a housing crisis because financially viable homes are inconvenient for it. If transport or other services cannot be provided to a given standard, then buyers and tenants will reflect that in the prices and rents they are prepared to pay. If developments are profitable for developers notwithstanding this, then that suggests buyers and renters are less concerned about the problem than the government is.

Question 14

In what types of location would indicative minimum density standards be helpful, and what should those standards be?

TPA RESPONSE

When planning (and other government) restrictions severely restrict the practical density insisting on minimum densities seems incongruous. Property prices in prosperous British cities (especially

London) indicate substantial pent-up demand for space, which is currently frustrated by (predominantly) planning policy. The department should be looking at ways local planning policies can prevent high density development, such as requirements to reflect the character of an area and principles of subordination or integration in local design guides. Central London boasts many narrow Victorian streets with terraces of between 5 and 10 floors. Adjusting policy so that profit-seeking property owners are free to spontaneously replicate successful patterns of development like this throughout urban areas in London and elsewhere ought to be among the department's first objectives.

Question 15

What are your views on the potential for delivering additional homes through more intensive use of existing public sector sites, or in urban locations more generally, and how this can best be supported through planning (using tools such as policy, local development orders, and permitted development rights)?

TPA RESPONSE

Substantial potential exists to allow entrepreneurial property owners to deliver additional housing in high demand areas. All land should be thought of as potential development sites, not just those identified by authorities. A presumed right, whether via permitted development rights or widespread development orders, is needed to allow taller and bulkier development on an ad hoc basis than presently allowed. Within reason, rooflines ought to be allowed to be breached as a matter of course to enable urban areas to organically respond to increasing demand. While additional care might be wise in conservation areas, they should not be exempt. Too often, conservation area design guides are unreasonably restrictive. Allowing a carefully-designed extra floor in the same style as the existing property below could provide much needed extra housing stock, particularly if measures properly account for floor space and cubic metres as well as the less sophisticated measures of quantity such as habitable rooms or units.

Principles of open data should be applied to lists of public land, with as much detail about sites as feasible.

Proposals from Chapter Two

Question 16

Do you agree that:

- a) where local planning authorities wish to agree their housing land supply for a oneyear period, national policy should require those authorities to maintain a 10% buffer on their 5 year housing land supply?;
- b) the Planning Inspectorate should consider and agree an authority's assessment of its housing supply for the purpose of this policy?
- c) if so, should the Inspectorate's consideration focus on whether the approach pursued by the authority in establishing the land supply position is robust, or should the Inspectorate make an assessment of the supply figure?

TPA RESPONSE

No comment

Question 17

In taking forward the protection for neighbourhood plans as set out in the Written Ministerial Statement of 12 December 2016 into the revised NPPF, do you agree that it should include the following amendments:

- a) a requirement for the neighbourhood plan to meet its share of local housing need?;
- b) that it is subject to the local planning authority being able to demonstrate through the housing delivery test that, from 2020, delivery has been over 65% (25% in 2018; 45% in 2019) for the wider authority area?
- c) should it remain a requirement to have site allocations in the plan or should the protection apply as long as housing supply policies will meet their share of local housing need?

TPA RESPONSE

No comment

Question 18

What are your views on the merits of introducing a fee for making a planning appeal? We would welcome views on:

- a) how the fee could be designed in such a way that it did not discourage developers, particularly smaller and medium sized firms, from bringing forward legitimate appeals;
- b) the level of the fee and whether it could be refunded in certain circumstances, such as when an appeal is successful; and
- c) whether there could be lower fees for less complex cases.

TPA RESPONSE

We are nervous about measures which might discourage legitimate appeals. If a fee is introduced, it should be paid by authorities (not merely refunded by the Planning Inspectorate) in successful appeals, and should certainly be lower for less complex cases.

Question 19

Do you agree with the proposal to amend national policy so that local planning authorities are expected to have planning policies setting out how high quality digital infrastructure will be delivered in their area, and accessible from a range of providers?

TPA RESPONSE

The department should be looking at how it can reduce the burdens on developers, not add to them. Any adjustments to planning policy requirements of authorities must be consistent with this.

Question 20

Do you agree with the proposals to amend national policy so that:

- the status of endorsed recommendations of the National Infrastructure Commission is made clear; and
- authorities are expected to identify the additional development opportunities which strategic infrastructure improvements offer for making additional land available for housing?

TPA RESPONSE

Yes, but local authorities should not use infrastructure spending by national or regional agencies as an excuse to frustrate housing demand by refusing permission for developments.

Question 21

Do you agree that:

- a) the planning application form should be amended to include a request for the estimated start date and build out rate for proposals for housing?
- b) that developers should be required to provide local authorities with basic information (in terms of actual and projected build out) on progress in delivering the permitted number of homes, after planning permission has been granted?
- c) the basic information (above) should be published as part of Authority Monitoring Reports?
- d) that large housebuilders should be required to provide aggregate information on build out rates?

TPA RESPONSE

Local authorities should not be permitted to request this information on application forms because they might be tempted to use it to judge the applications. This would have a chilling effect on riskier applications, leading to reduced supply and thereby exacerbating the crisis. Instead, at most, submission of the estimated dates could be a condition of planning permission. The department should, however, be thinking about how it can help development rather than finding new tasks for developers to complete.

Question 22

Do you agree that the realistic prospect that housing will be built on a site should be taken into account in the determination of planning applications for housing on sites where there is evidence of non-implementation of earlier permissions for housing development?

TPA RESPONSE

Emphatically, no. Not only is this suggestion open to favouritism towards established market players, it would also discourage developers from starting difficult sites. Fundamentally, planning permission should be seen as permission, not as an order. The planning system is already causing substantial economic damage by restricting development, leading to shortages and high costs not only in housing but in commercial and industrial property, too. The last thing we need is for the system to double down and make this worse by increasing the risks of applying for planning permission.

Question 23

We would welcome views on whether an applicant's track record of delivering previous, similar housing schemes should be taken into account by local authorities when determining planning applications for housing development.

TPA RESPONSE

Fundamentally, planning permission should be seen as permission, not as an order. There is no good case for the contention that low levels of development and the consequent high prices and rents are caused by 'land banking'³. By contrast, there is a weight of convincing evidence that they are caused by overly restrictive land use planning systems⁴. The British planning system's track record is very, very poor and the reason is that it is highly restrictive.

Question 24

If this proposal were taken forward, do you agree that the track record of an applicant should only be taken into account when considering proposals for large scale sites, so as not to deter new entrants to the market?

TPA RESPONSE

Yes. This proposal would be damaging so any suggestions to weaken would be welcome but ideally it should be forgotten entirely.

Question 25

What are your views on whether local authorities should be encouraged to shorten the timescales for developers to implement a permission for housing development from three years to two years, except where a shorter timescale could hinder the viability or deliverability of a scheme? We would particularly welcome views on what such a change would mean for SME developers.

TPA RESPONSE

Restrictions on planning permission, including timescales, only serve to increase the risks and costs involved with development. Reducing the timescale from three to two years would be particularly ill-advised at a time when we need more development. Instead, a better idea would be to increase the

³ Lichfields, *Stock and Flow Planning Permissions and Housing Output*, January 2017

⁴ Niemietz, K. in Meakin, R., *The TaxPayers' Alliance, The Spending Plan*, 2015

permitted timescales to encourage applications from potential developers who might be uncertain about when they will be in a position to take advantage of the planning permission.

Question 26

Do you agree with the proposals to amend legislation to simplify and speed up the process of serving a completion notice by removing the requirement for the Secretary of State to confirm a completion notice before it can take effect?

TPA RESPONSE

We do not think now is the time to be thinking about measures which make development riskier.

Question 27

What are your views on whether we should allow local authorities to serve a completion notice on a site before the commencement deadline has elapsed, but only where works have begun? What impact do you think this will have on lenders' willingness to lend to developers?

TPA RESPONSE

We do not think now is the time to be thinking about measures which make development riskier. It is obvious that this will have a negative effect although we are unable to estimate the scale.

Question 28

Do you agree that for the purposes of introducing a housing delivery test, national guidance should make clear that:

- a) The baseline for assessing housing delivery should be a local planning authority's annual housing requirement where this is set out in an up-to-date plan?
- b) The baseline where no local plan is in place should be the published household projections until 2018/19, with the new standard methodology for assessing housing requirements providing the baseline thereafter?
- c) Net annual housing additions should be used to measure housing delivery?
- d) Delivery will be assessed over a rolling three year period, starting with 2014/15 – 2016/17?

TPA RESPONSE

Household projections and the housing requirements that are deduced from them offer a very poor way of measuring housing demand. A much better measure exists in prices and rents. These measures take account of all the people who have already been priced out of an area due to existing shortages, whereas housing requirements arbitrarily exclude all the people who are harmed because they have responded to the price signals by either leaving a high-demand area or not moving there in the first place. The idea that housing requirements in a meaningful sense are lower in places with high rents than places with low rents is farcical. The whole reason rents per comparable unit (such as area of floorspace) are higher in area A than area B is that the requirement for housing there is greater (relative to supply).

Housing requirements nudge the planning system to allow housing where it is less needed. While this might be less bad than what the system would do without the requirements, it nonetheless fails to adequately reflect the spatial distribution of demand for housing.

Notwithstanding this fundamental flaw, we nonetheless support the proposals.

Question 29

Do you agree that the consequences for under-delivery should be:

- a) From November 2017, an expectation that local planning authorities prepare an action plan where delivery falls below 95% of the authority's annual housing requirement?;
- b) From November 2017, a 20% buffer on top of the requirement to maintain a five year housing land supply where delivery falls below 85%?;
- c) From November 2018, application of the presumption in favour of sustainable development where delivery falls below 25%?;
- d) From November 2019, application of the presumption in favour of sustainable development where delivery falls below 45%?; and
- e) From November 2020, application of the presumption in favour of sustainable development where delivery falls below 65%?

TPA RESPONSE

Notwithstanding the comments about the fundamental flaw in the measure of housing requirements and the patently absurd nature of a system that requires government-set 'five year plans', we support the proposals on their own terms but believe them to be wholly inadequate to the scale of the task.

Question 30

What support would be most helpful to local planning authorities in increasing housing delivery in their areas?

TPA RESPONSE

Substantially strengthened permitted development (or similar) rights for property owners to take advantage of profit opportunities by building taller (and more bulkily) than the existing prevailing heights and mass profiles, a programme of green belt declassification (large enough to provide a supply shock to markets for development land where permission is likely or granted, such that land prices fall by a substantial fraction), and meaningful devolution to street level of planning policy to by-pass local authority decision-making (within reason, see answer to question 8 for more detail).

Affordable Housing

Question 31

Do you agree with our proposals to:

- a) amend national policy to revise the definition of affordable housing as set out in Box 4?;
- b) introduce an income cap for starter homes?;
- c) incorporate a definition of affordable private rent housing?;
- d) allow for a transitional period that aligns with other proposals in the White Paper (April 2018)?

TPA RESPONSE

Affordable housing requirements are a particularly poorly-designed tax on property development that should be abolished and, if necessary, replaced with a more rational property tax. A serious review of property taxation, including quasi taxes such as the CIL and section 106 requirements should be undertaken in conjunction with the Treasury with a view to reducing the burden, simplifying the system and making its impact less economically inefficient.

On the spending side, a similar review of the multitude of categories and definitions of quasi welfare spending via the planning system ought to be undertaken in conjunction with the Department for Work and Pensions.

Question 32

Do you agree that:

- a) national planning policy should expect local planning authorities to seek a minimum of 10% of all homes on individual sites for affordable home ownership products?
- b) that this policy should only apply to developments of over 10 units or 0.5ha?

TPA RESPONSE

We do not agree with the proposal to introduce a national minimum, but if it is introduced then the higher the threshold (which should be marginal in structure, not slab), the better.

Question 33

Should any particular types of residential development be excluded from this policy?

TPA RESPONSE

See previous answer.

Sustainable development and the environment

Question 34

Do you agree with the proposals to amend national policy to make clear that the reference to the three dimensions of sustainable development, together with the core planning principles and policies at paragraphs 18-219 of the National Planning Policy Framework, together constitute the Government's view of what sustainable development means for the planning system in England?

TPA RESPONSE

No comment

Question 35

Do you agree with the proposals to amend national policy to: a) Amend the list of climate change factors to be considered during plan-making, to include reference to rising temperatures? b) Make clear that local planning policies should support measures for the future resilience of communities and infrastructure to climate change?

TPA RESPONSE

No. The planning system is a particularly inefficient tool for meeting objectives that can be addressed directly by other means. Onerous requirements on new homes will just make new homes more expensive. Instead, the focus should be on making new housing more affordable.

Question 36

Do you agree with these proposals to clarify flood risk policy in the National Planning Policy Framework?

TPA RESPONSE

No comment

Question 37

Do you agree with the proposal to amend national policy to emphasise that planning policies and decisions should take account of existing businesses when locating new development nearby and, where necessary, to mitigate the impact of noise and other potential nuisances arising from existing development?

TPA RESPONSE

No. Instead, a covenant-like measure should be introduced to exempt new homes from protections which would affect existing activity. For example, buyers in a new development near a nightclub would be required to accept that normal protection from noise would not apply to them. There is no reason why people who are happy to live near a noisy nightclub should not be able to do so, but they should be prevented from using legal protections to restrict existing noise.

Question 38

Do you agree that in incorporating the Written Ministerial Statement on wind energy development into paragraph 98 of the National Planning Policy Framework, no transition period should be included?

TPA RESPONSE

No comment