

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**PLANNING and TRANSPORTATION ADVISORY BOARD**

**08 January 2008**

**Report of the Director of Planning Transport and Leisure**

**Part 1- Public**

**Matters for Recommendation to Cabinet - Non-Key Decision (Decision may be taken by the Cabinet Member)**

**1 HOUSING AND PLANNING DELIVERY GRANT - CONSULTATION**

**Summary**

**The Government intends next year to replace the Planning Delivery Grant with a new Housing and Planning Delivery Grant scheme. The grant will reward the identification of housing land in plans, the timely delivery of Development Plan Documents relating to housing and the actual rate of completion of housing units. The new scheme will no longer directly reward development control performance, though the overall level of grant will be abated if that performance does not meet nationally recognised standards.**

**1.1 Introduction**

- 1.1.1 The Government's target is build 240,000 homes a year by 2016. The overall aim of the Housing and Planning Delivery Grant (HPDG) is "to incentivise local authorities to improve delivery of housing and other planning outcomes". HPDG builds on the existing Planning Delivery Grant (PDG) around half of which has been used to incentivise improved performance in development control, with the rest being used for plan making and other initiatives.
- 1.1.2 In future, development control will be supported by the proposed increases in planning fees which is covered elsewhere on this agenda. HPDG will focus exclusively on plan making and housing delivery. However, the Government emphasises that the shift away from direct support for development control does not mean that timely decision- making is no longer a priority. In this respect, it is proposed that there should be some abatement of the level of HPDG awarded where development control performance falls below acceptable levels.
- 1.1.3 I set out below the details of the proposed new grant regime with a commentary in response to each of the 14 questions raised in the consultation paper.

## 1.2 Overall level of grant

- 1.2.1 PDG has provided £425m over the three years to 2007/08. The intention is that the level of grant awarded under HPDG will rise to £510m over the three year period 2008/09 to 2010/2011, with greater emphasis on plan making in the first instance as illustrated below.

Year	Plan Making	Housing Delivery
2008/09	£60m	£40m
2009/10	£72m	£88m
2010/11	£62m	£188m
<b>Sub Totals</b>	<b>£194m</b>	<b>£316m</b>
<b>Total</b>	<b>£510m</b>	

## 1.3 The Planning Element

- 1.3.1 The planning element of the grant for 2008/09 will be awarded for work undertaken during the current year (2007/08). Performance will be measured against targets set in the Local Development Scheme (LDS) operational from April 2007. There are four components to the planning element of the grant:

- **Demonstration of a supply of deliverable land for housing** over 5 and 15 year periods with a 50% bonus for those authorities that can demonstrate through a Strategic Housing Land Availability Assessment a 15 year supply (40% of the planning element of the grant).
- **Delivery of sound Development Plan Documents (DPDs)** Planning authorities will be able to claim for each DPD that is commenced during the relevant year and for each of the stages completed in accordance with the LDS. A percentage reduction is proposed for late delivery. Authorities who have already adopted a Core Strategy in the first year (as in our case) will qualify for the full 100% grant, but there is no bonus for delivering early as was the case with our Core Strategy. Authorities will only be rewarded for Housing Allocation DPDs where more than 2000 dwellings “are allocated on identified sites”. There is no grant reward for preparing non-housing DPDs, regardless of whether they are delivered on time. (50% of the planning element of the grant, 2% of which goes to County Council’s for the delivery of Minerals and Waste Core Strategies)
- **Joint working** The remaining 10% of the planning element of the grant rewards authorities for the preparation of joint DPDs and for the joint preparation across the Housing Market Area of Strategic Housing Market Assessments by March 2009.
- **Abatement** The planning element of the amount of HPDG awarded will be abated where the performance of development control falls below any

nationally set standard having regard to the size and number of planning applications handled. For 2007/08 the trigger for the abatement will be based on the BV109 indicator.

***Question 1. Do you agree with the principle of rewarding a 5 year supply of deliverable sites for housing?***

Yes – as demonstrated by an adopted Core Strategy and/or Housing Allocations DPD.

***Question 2. Do you agree with the principle of enhanced grant for demonstrating a 5 year supply of deliverable sites for housing where the authority has also identified 15 years of deliverable, developable and or broad locations of housing sites?***

Yes, but the ability to demonstrate such supply should not be solely through a Strategic Housing Land Availability Assessment. An adopted DPD which identifies allocated land and/or broad locations (like the Bushey Wood Area of Opportunity, for example) should also be regarded as adequate demonstration. Indeed, it could reasonably be argued that an adopted development plan should be considered as having greater status for this purpose than a mere survey document.

***Question 3. Do you agree with the principle of rewarding local planning authorities for the delivery of priority DPDs?***

Yes, but question why 2% of the grant should be awarded to County Councils for the preparation of Minerals and Waste DPDs. There should also be some allowance for the satisfactory progress on the delivery of other non-housing DPDs included in an approved LDS.

The need for a minimum of 2000 dwellings to be allocated in a Housing DPD is arbitrary as it pays no regard to the planning circumstances of the authority. A Green Belt location would not expect to allocate as many houses as a growth point, for example. In any case, the term used should be “make provision for” and not “allocate”. What is relevant is the number of dwellings that are to be provided over the plan period, including those that already have permission. In our case our plan “makes provision for” 7687 dwellings up to 2021 (not counting windfalls for the first 10 years) but actually “allocates” only 571 dwellings because most of the major sites which will be developed over the next decade or so already have planning permission.

Furthermore, account needs to be taken of situations where two DPDs cover a district. It is possible that in circumstances like this that the two plans together might allocate more than 2000 dwellings, but individually they may not. A perverse consequence might be that an authority could intentionally defer the adoption of a Plan simply to trigger a grant award in the following year. This is hardly compatible with the objective of speeding up the delivery of development plan documents that deliver housing.

**Question 4. Do you agree with reductions in the grant payable where delays occur to the delivery of the milestones for submission and adoption?**

Yes, but should there not be an enhancement above 100% for those authorities which deliver ahead of the target (as was the case with our Core Strategy)? Should not other LDS milestones be included (eg. Reg 25 - issues and options and Reg 26 - preferred options).

**Question 5. Do you agree with the principle of rewarding joint working among local planning authorities?**

No, not for the production of joint DPDs (incidentally table Fig 7 refers to joint LDDs rather than DPDs). In our case there would have been considerable delays had we chosen to prepare our DPDs with any of our neighbours, none of which have yet got to submission of their Core Strategy. It is acknowledged that there may on occasions be benefits from joint working, and the preparation of Kent Design as SPD is a good example and Strategic Housing Market Assessments will be another for the future, but if the Government is wanting to secure early and timely delivery of key DPDs then, as a matter of principle, and from our experience, joint working is more likely to be counter-productive.

**Question 6. Do you agree with the overall weighting of the planning element of HPDG, ie. 40% for the assessment and identification of land for housing, 50% for the delivery of DPDs and 10% for joint working?**

No, the joint working element should be reduced to 5% and should relate only to joint preparation of Strategic Housing Market Assessments. The DPD delivery element should be increased to 55%.

**Question 7. Do you agree with the principle of abatement where performance on development control declines below national planning standards?**

Yes

## **1.4 The Housing Element**

- 1.4.1 The Government says that it is the Regional Spatial Strategy (RSS) process, local evidence of housing demand and need, policies in DPDs and local authority leadership and decision making that will determine the level, type and design of housing required for a given area and not HPDG. The grant is merely there to incentivise delivery against these requirements once they are agreed. But when it comes to the actual formula against which the grant is to be assessed it totally disregards this statement. It argues that such an approach would not be equitable at this time because of the different stages that the various RSSs throughout the country are at, many of them being out-of-date.

- 1.4.2 Instead, it proposes that in order to be eligible for grant there must be a minimum percentage increase of 0.75% in the number of dwellings above the existing stock. There will then be one unit of grant awarded for each net additional dwelling beyond the 0.75% point. To avoid peaks and troughs the figures will be averaged over the last three years. This Council should perform fairly well against these criteria, but it would perform even better against the RSS requirements.

***Question 8. Do you agree with the proposed criteria for the housing element?***

This is an entirely arbitrary approach which has no regard to need, affordability or to other local planning circumstances. The aim should be to move to a proper planning basis for the assessment as soon as possible and this should be as soon as an up-to-date RSS has been approved which will be the case in the South East next year.

**1.5 Additional Issues**

- 1.5.1 **Design Quality** The Government is seeking views on whether HPDG could be used in future to help drive forward the design quality of new housing. This could work through an assessment of built-out schemes and/or the steps that local authorities have taken to put in place the skills and knowledge needed to make robust decisions about design.

***Question 9. In principle do you think HPDG should be used to support improvements in design?***

In principle, yes, but exactly how this could be done and assessed in practical terms would be very difficult.

***Question 10. Do you have any views on how the process could work in practice?***

Any form of assessment of design quality would seem an extremely difficult and subjective aspect to measure consistently across the country. This would require a 'dry-run' to see how such a system could be implemented and perhaps a pilot covering various areas to see how consistency of approach could be achieved. This is an area that should continue to be examined because, after all, one of the main purposes of the planning system is to produce good quality development.

- 1.5.2 **Family Homes** The Government is also seeking views on whether the grant should be used to support the building of more family homes, for example should a Council receive a higher grant if it delivers 1000 x 4 bed homes rather than 1000 x 1 and 2 bed homes.

***Question 11 Do you have any views as to whether HPDG should be incentivising delivery of family housing?***

There seems little point in carrying out detailed, objective Strategic Housing Market Assessments that might conclude, for example, that the main need is for dwellings for small households if these conclusions are to be arbitrarily disregarded. If there is a measure of performance and reward it should be against the findings of a needs based approach.

- 1.5.3 **Empty Homes** As the main aim of HPDG is to increase the supply of housing rather than just new house building there is some logic in incentivising authorities to bring empty properties back into use. Nationally, there are some 290,000 long-term empty properties only about 20,000 of which are brought back into use each year. An authority would have to have an effective Empty Homes Strategy in place to be eligible for grant. This Council could meet the criteria in terms of having an adopted Empty Homes Strategy but could lose out if the number of empty homes brought back into use became an eligibility criterion as there are relatively few long-term empty homes in the Borough.

***Question 12 Do you agree that an added eligibility criterion on empty homes would be useful and effective?***

Yes, but only if it has regard to regional disparities, local circumstances and the targets and objectives of the Empty Homes Strategy.

***Question 13. Are there other ways we might incentivise the bringing back into use of empty homes through HPDG?***

It would be better for the Government to more directly support the market by tax incentives and grant schemes aimed at bringing empty homes back into use.

- 1.5.4 **Surplus Public Sector Land** It is the Government's ambition to deliver 200,000 new homes on surplus land held by central Government departments and agencies. There is a national Register that provides a single point of reference on the available supply surplus public sector land but this does not currently include local authority land. Local authorities are now encouraged to register any surplus land that is to be marketed on the national Register. One way to incentivise local authorities to use the Register is to make registration a fundamental eligibility criterion for HPDG. It is proposed that where no sites had been placed on the Register during the financial year by a local authority they would not be eligible for HPDG.

***Question 14. Do you agree that including registration of local authority surplus public sector land as an eligibility criterion would be useful and effective?***

There is no objection in principle to local authorities being required to include any public sector surplus land on the Register. If this became a legal requirement then

there would be no need for an incentive. It would certainly be most unfair if an authority lost all of its otherwise hard-earned HPDG in a single year simply because it had absolutely no spare land available to market in that particular year. It would also have the perverse consequence of discouraging authorities from putting all such land on the Register in year 1 so that they had some left for subsequent years. There is also a naive assumption that all such surplus land is suitable for housing, which may not be the case.

## **1.6 Legal Implications**

1.6.1 None at this stage.

## **1.7 Financial and Value for Money Considerations**

1.7.1 There ultimately may be significant financial implications connected to the availability of this grant. It is therefore important that the criteria are framed in such a way that they do not disadvantage, and potentially provide maximum benefit to, this Council

## **1.8 Risk Assessment**

1.8.1 There is a risk that unless the criteria for this grant are changed the Council may not benefit to the greatest possible extent from its availability.

## **1.9 Recommendations**

1.9.1 That the views expressed in response each question set out in this report form the basis of the Council's formal response to the to the consultation on HPDG.

The Director of Planning Transport and Leisure confirms that the proposals contained in the recommendation(s), if approved, will fall within the Council's Budget and Policy Framework.

Background papers:

contact: Brian Gates

DCLG Consultation Paper on HPDG

Steve Humphrey

Director of Planning Transport and Leisure