

# TONBRIDGE & MALLING BOROUGH COUNCIL

## PLANNING and TRANSPORTATION ADVISORY BOARD

29 July 2009

### 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 CRITERIA

#### Summary

Government has consulted local authorities on the criteria to be applied in allocating this year and next's Housing and Planning Delivery Grant. An officer-level response was sent in order to meet the deadline. The response was aimed at refining the criteria so that they optimised this Council's prospects of achieving as high a grant award as possible.

#### 1.1 Introduction

1.1.1 Housing and Planning Delivery Grant (HPDG) is a three year Government Grant which replaces the former Planning Delivery Grant (PDG). PDG mainly rewarded performance in Development Control. HPDG principally rewards performance in planning making and housing delivery though any award may still be abated depending on Development Control performance. HPDG was introduced last year and the Council received a total grant of some £1.4m, mainly because of the adoption of the Core Strategy but also because of the relatively high level of house completions in the Borough.

1.1.2 The Government is now consulting on the criteria to be applied to the allocation mechanism for the award of grant in years 2 and 3. The deadline for comments was 23 June. A copy of the Council's officer-level response is appended at **ANNEX A** for Members' endorsement. Needless to say, the response seeks to establish circumstances which would maximise the amount of grant the Council might receive this year and next.

#### 1.2 Revised Allocation Mechanisms

1.2.1 The principles of HPDG are to:

- strengthen the incentive for local authorities to respond to local housing pressures by returning the benefits of growth to local communities; and
- incentivise efficient and effective planning procedures

- 1.2.2 However, the first thing the Government has done is to scale back the originally proposed progressive increase in HPDG over the next 2 years by £25m in Year 2 and £50m in year 3, they say, to reflect the decline in housing completions due to the economic climate and the lower number of plans being submitted. As our response indicates, this seems a perverse thing to do under circumstances where the government is attempting to incentivise higher rates of housing development.
- 1.2.3 **Housing Element:** The housing element of the grant will continue to reward authorities for the number net additional homes completed above a threshold which is determined by, what appears to be, an arbitrary percentage of the existing housing stock rather than the target set out in the Development Plan. This, in itself seems strange since it does not have regard to local planning circumstances (eg the difference between a Green Belt area and a Growth Point).
- 1.2.4 Year 2 grants are calculated on the basis of average completions over the three years from April 2005 to 2008. It is argued that the level of housebuilding during this period was largely unaffected by the economic downturn and so the Government proposes no change to the year 2 percentage of 0.75% of the existing housing stock. However in Year 3 it does recognise that dwelling completions during 2008/09 were significantly below the norm and that therefore in Year 3 the percentage will be reduced to 0.65%. We consider this approach is reasonable and should not disadvantage this authority.
- 1.2.5 **Planning Element – demonstrating a 5 year supply of housing:** One of the most important criterion for achieving HPDG is to be able to confidently demonstrate 5 year's housing land supply. The Government's preferred approach is for Councils to prepare a Strategic Housing Land Availability Assessment (SHLAA) and the Government gives this even greater credence and a higher HPDG award if it is done in association with a Housing Market Partnership which should include representatives of the house building industry. We have not yet produced a SHLAA, principally because there was no requirement to do so at the time we were preparing our Core Strategy. However, we believe that we can still confidently demonstrate a 5 year supply of housing through the annual Housing Land Audit carried out jointly with KCC, and this is prepared in consultation with the developers of the major sites which is where most of our supply comes from. Members will note that in our response to the consultation we argue strongly against the use of a SHLAA as the main criterion for the award of HPDG for housing delivery.
- 1.2.6 **Planning Element – preparation of DPDs:** HPDG is awarded for the preparation of eligible DPDs which are those that allocate more than 2000 and it seems likely that we received as much as we did last year because of the adoption of our three DPDs. On the basis of the current criteria we will get no reward this year for the preparation of the Managing Development and the Environment DPD (MDE DPD). Again, Members will note from our response, that we have sought to get the aspect of quality of development recognised as well as

quantity, so that there might be at least some chance of our gaining an award for plan preparation this year.

- 1.2.7 **Planning Element – balance of allocation:** The Government is proposing to change the balance of allocation from plan making to housing delivery this year and then back to plan making next year. It also intends only to reward the preparation of a Strategic Housing Market Assessment this year and not next, on the basis that they should all have been completed by next year. We should benefit from this on the basis that we published our SHMA this year. The proposed changes are summarised in the following table.

| <b>Planning Element</b>                   | <b>Percentage 2009/10</b> | <b>Percentage 2101/11</b> |
|---|---------------------------|---------------------------|
| Demonstrating sufficient land for housing | 50%                       | 44%                       |
| Delivery of eligible DPDs                 | 40%                       | 50%                       |
| Joint Working                             | 6%                        | 6%                        |
| Publication of SHMA                       | 4%                        | 0%                        |

Members will note from our response that, since there is no advantage to this Council in supporting a higher percentage for plan making next year (because all of our plans will be complete by then), we have argued that it is perverse to be rewarding the late delivery of plans.

- 1.2.8 **Affordable Housing:** The Government is considering including an element to reward the delivery of affordable housing and has put forward two options: one based on simple numbers of units completed and the other based upon a published plan to work with Parish Councils to prepare housing Needs surveys. Whilst we could meet either criteria it was our view that the Council was more likely to get a higher award simply for the amount of affordable housing completed.
- 1.2.9 **Empowerment:** The Government has set aside an additional £4m for authorities to promote community participation in planning, but this only applies to authorities that plan to submit their Core Strategies in 2009/10 (we submitted ours in 2006) and have selected NI 3 or NI 4 as part of their Local Area Agreement. Neither of these considerations applies to us and so in our response we have, yet again, questioned why authorities, which are so late in the process, should be rewarded in this way.

### 1.3 Legal Implications

- 1.3.1 None

### 1.4 Financial and Value for Money Considerations

- 1.4.1 Clearly it is in the Council's interest to do all it can to maximise the potential award of PDG. The response to this consultation seeks to do that.

**1.5 Risk Assessment**

1.5.1 The Council may not be successful in revising the criteria, in which case the HPDG award will be lower than might otherwise be the case.

**1.6 Recommendation**

1.6.1 The response to consultation of the Allocation Mechanism for Housing and Planning Delivery Grant in Years 2 and 3 **BE ENDORSED**.

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

Nil

Steve Humphrey

Director of Planning, Transport and Leisure