

NPPF Update and Letwin Review on Build-Out Rates



NPPF Revision

- Housing White Paper published 7 Feb 2017
- Draft Revised NPPF published 5 Mar 2018
- Official Revised NPPF published 24 Jul 2018
- Minor updates made on 19 Feb 2019
- TH responded to consultations on the first two
- NPPF problem – one size fits all – urban and rural areas presented with the same policies

Housing Need and Delivery

- New standardised methodology for calculating housing need – but London Borough numbers will still be assigned in London Plan.
- Housing Delivery test – net homes delivered against need. From November 2020:
 - <95% - action plan required
 - <85% - 20% buffer added to 5 year supply
 - <75% - Sustainable development presumption invoked
- More punitive measures than before + increased focus on delivery, not just permissions.

Five Year Housing Supply

- Councils need to show a 5 year housing supply, or the presumption of sustainable development applies.
- New NPPF makes demonstrating the supply more difficult.
- Can be established in a recently adopted plan, or in a subsequent annual position statement agreed by Secretary of State.
- Clear evidence required of deliverability within 5 years – site allocations, outline permission, or permission in principle no longer enough.

Affordable Housing - Definitions

- Affordable for rent
 - Social rent
 - Affordable rent
- Starter homes
- Discounted market sales – 20% below local market value
- Other affordable routes – shared ownership, relative equity loans, rent to buy

Affordable Housing

- Removes ability to mandate affordable housing contribution on small sites (<10 units) – aims to make the system simpler for small builders, but our emerging policy is already quite simple.
- Requirement for 10% affordable for sale on all sites – effectively means all our intermediate housing will be for sale, rather than rent.

Viability

- Transition from individual development viability to local plan viability.
 - Benefit – could embed policy requirements into land values
 - Risk – could lead to watering down policy requirements to improve viability
- Viability assessments to be made public.
- If development meets policy requirements, no need to submit a viability assessment.

Neighbourhood Planning

- Local Plans should provide housing target for Neighbourhood Planning Areas
- In areas where a recent neighbourhood plan with housing targets is in place, the threshold for the presumption in favour of sustainable development is higher
 - This encourages Councils to support NPs, and NPs to include housing policies
 - Currently we have no NPs, but 5 areas where they could come forward

Other NPPF Changes

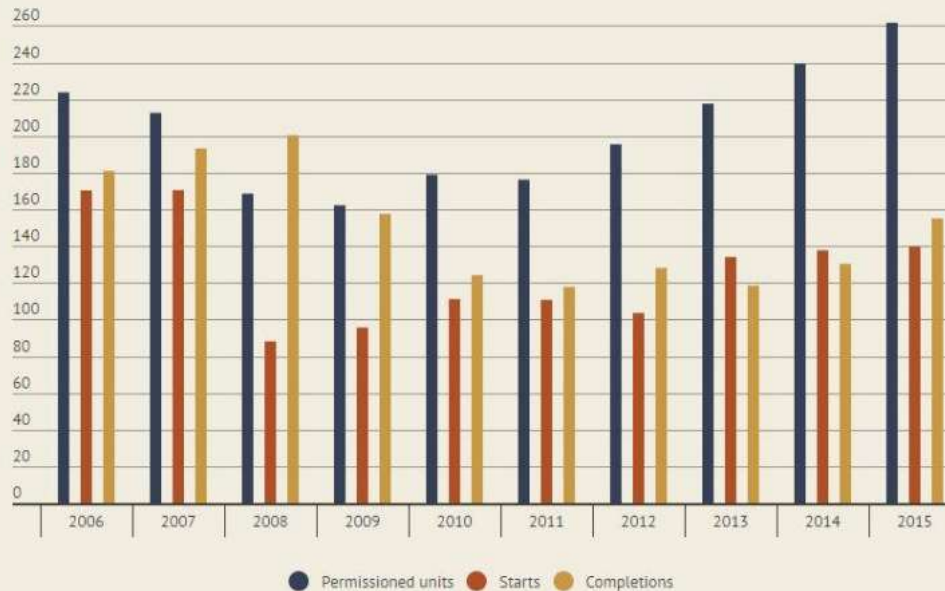
- Local Plans must be reviewed every five years
- Transitional arrangements – plans submitted before 24 Jan 2019 assessed against old NPPF – our next review will be based on new NPPF
- 10% of housing should be small sites (<1ha) – this will be a challenge
- Supports implementation of minimum densities and height extensions
- Encourages flexible approach to daylight/sunlight issues where it would inhibit efficient use of a site

Independent Review of Build Out

- Aka, “The Letwin Review”
- Draft analysis June 2018, final report October 2018
- Aims to address the gap between permissions and delivery in areas of high housing demand – why are the permissions being built so slowly?
- 14 of 15 case studies were in south east England

Permissions vs Delivery

Housebuilding activity vs planning permissions granted, England, 2006-2015. Sources: [Glenigan/HBF](#), [DCLG Live Tables 208, 120](#)



The Problem

- Large Sites = 1500 units or more
- Median build out period = 15.5 years, or 6.5% per year – only 3.2% in London
- Conclusion – homogeneity of types and tenures on these sites is the problem – there is a limit on how quickly the market can absorb these products

The Solutions (1)

- Legal approach:
- Primary legislation
 - define large sites as 1500 units, including single local plan allocations
- Secondary legislation
 - allow type, size, and tenure mix to be prescribed as reserved matters for large sites
 - require applicants to prepare diversification strategy
- Planning Policy
 - include assumption that affordable housing should be ‘high’ on these sites
 - set out diversification principles for these sites

The Solutions (2)

- Bureaucratic approach:
- Set up a National Expert Committee to arbitrate on appeal cases where the level of diversity on site is the main issue.
- Attach diversification conditions to government funding until these proposals become law.

The Solutions (3)

- Land Value Approach:
- LPAs should insist on levels of diversity/affordability that will cap land values at 10x existing use value
- Government should encourage more Urban Development Corporations to buy land at current use value and masterplan it with help from Homes England

Implications for Tower Hamlets (1)

- Government response was due in February 2019 – now delayed ‘by weeks’. Report presents quite an interventionist approach, which may not be accepted.
- Local Plan allocations of over 1500 units:
 - London Dock (1800)
 - Marsh Wall West (2645)
 - Millharbour (2759)
 - Wood Wharf (3300)

Implications for Tower Hamlets (2)

- TH has a fairly small number of sites that are stalled – generally, the market in the borough is fairly robust.
- If national policy changes to ‘force’ us to require more affordable housing and diverse types and tenures, we would be unlikely to object.

Potential Problems (1)

- Longer discussions with developers over appropriate level of diversity and affordability – and more appeals?
- Potential resource implications for masterplanning work?
- If land prices are damped down, could this affect housing delivery numbers? Will landowners be reluctant to sell?

Potential Problems (2)

- Diversity never fully defined in the report. How will the National Expert Committee determine appropriate levels of diversity?
- How would viability concerns interact with requirement for more affordable housing?
- Policy already encourages diversity/affordability – but developers seem to prefer slow and profitable.