

1st March 2023

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Re: Consultation on proposed approach to updating the National Planning Policy Framework, approach to preparing National Development Management Policies and policy to support levelling up and national planning policy accessibility

Thank you for inviting Three Dragons to comment on these important proposals. The focus of our responses is those questions which most closely relate to our work and experience.

Response

Q6: Do you agree that the opening chapters of the Framework should be revised to be clearer about the importance of planning for the homes and other development our communities need?

Response Q6 - A significant part of planning for homes and other development is the process of using planning obligations either through s106 or CIL to provide affordable housing and infrastructure. Three Dragons acknowledges that whilst these mechanisms may not be perfect they have enabled these important benefits to accrue and they are a known process familiar to developers and planning authorities. We are concerned that the replacement of these two systems with a single levy may reduce the provision of these benefits.

Currently developers contract with Registered Providers to provide the affordable housing required by their s106 agreement. Under a new levy, the funding would instead have to be allocated by the planning authority to deliver the affordable housing, which will introduce an additional layer of bureaucracy and cost. In addition, the current s106 agreements for the provision of affordable housing also allocate part(s) of the site, whereas this aspect would be lost as part of a purely financial levy. This change would reduce the pepper potting of affordable units with market units; and would leave the planning authority with the task and additional cost of providing the land needed for the affordable housing being funded through a levy. The arrangements for including affordable housing within a levy will make it very difficult to plan in terms of quantum and location.

If a levy is a % of gross development value it will logically be collected at the point of sale. This means that the proportion of affordable housing coming out of a scheme will not be known until after it has been built out.

The collection of a levy at point of scale will also lead to a time lag for the provision of infrastructure need to support development and in many cases requiring provision when rather than after homes are occupied. To overcome this issue there will need to be third party forward funding to fill this temporal gap. If this is not available, then there will be a risk to delivery if the development is unable to proceed without the infrastructure. However, this arrangement will reduce the risk to developers, with improved cashflow and avoidance of the need to make large infrastructure payments before receipts for housing sales. This factor might usefully be considered as part of the levy setting process.

Q11: Do you agree with removing the explicit requirement for plans to be ‘justified’, on the basis of delivering a more proportionate approach to examination?

Response Q11 - Three Dragons appreciates that the proposed change specifically refers to “.....evidence to demonstrate that the proposed approach to meeting housing need is a reasonable one.”

We have no specific comments on this but want to make the wider point that other evidence required for local plan making can be excessive. Our experience of providing viability evidence for local plan examinations has highlighted the amount of detailed evidence that is produced, for fear that some detailed point will be omitted. This process costs money and time and doesn’t lead to any better decision making – indeed, the complexity of the evidence can simply cause confusion. We are asking that DLUHC works with PINS to produce guidance to local authorities and other participants at local plan examinations to reduce the amount of evidence that is required.

Q10: Do you have views on what evidence local planning authorities should be expected to provide when making the case that need could only be met by building at densities significantly out-of-character with the existing area?

Q13: Do you agree that we should make a change to the Framework on the application of the urban uplift?

Q14: What, if any, additional policy or guidance could the department provide which could help support authorities plan for more homes in urban areas where the uplift applies?

Response Q10, Q13 & Q14 - We link together the above questions as the comment we wish to make is common to all three. All three questions suggest that higher density development should be encouraged and urban areas can/should be asked to accommodate more development at higher densities.

Our work assessing plan-wide viability has consistently demonstrated that higher density development is not necessarily viable and deliverable and that this depends on the

relationship between costs and values in a particular area and the type of product offered. Recent studies in London and Greater Manchester illustrate the point for example see:

https://www.london.gov.uk/sites/default/files/london_plan_viability_study_dec_2017.pdf

Both reports show that higher density developments can be less likely to be viable (and hence deliverable) in lower value areas and can require public subsidy to be achieved. Therefore, we ask that national policies and guidance recognises this point about deliverability and that higher density development is not achievable across all urban areas – at least without public subsidy.

Q22: Do you agree that the government should revise national planning policy to attach more weight to Social Rent in planning policies and decisions? If yes, do you have any specific suggestions on the best mechanisms for doing this?

Response Q22 - Yes, if some of the viability issues can be ameliorated.

Three Dragons supports the provision of Social Rented housing on mixed or affordable-only developments. Social Rent is a more affordable tenure than Affordable Rent, allowing households to retain greater disposable income to spend on other living costs such as heating and food. Where households are in receipt of benefits, the cost to the public purse will be lower and there is more of an incentive for claimants to move into work.

However, in terms of providing Social Rent on new developments, the lower rent means Social Rented housing is of lower value than Affordable Rent, or Affordable Home Ownership tenures. Thus from a viability perspective, the inclusion of Social Rented tenure can have an impact on development and, where viability is marginal, result in less overall delivery of affordable housing. (For an example, our viability report published for the New Forest District Council indicated that the inclusion of Social Rented tenure could make certain new developments unviable if the full affordable housing policy requirement was met - but a switch to Affordable Rent would mean that a policy compliant scheme could be delivered.

https://forms.newforest.gov.uk/ufs/POLICY_FILES.eb?CURRENTPATH=Policy&ebd=0&ebp=10&ebz=2_1677154252027 para 4.7 and 4.8)

Furthermore, we often consult with Registered Providers in the course of providing viability advice to local authorities who report that, unless grant is available, social rent is less likely to be deliverable through their funding model.

We would therefore suggest that public subsidy is made available to support this initiative, including for the provision of Social Rent on s106 sites. If this were the case we would support stronger wording in NPPF to ensure that the requirement for social rent (as assessed in relevant needs assessment) is given weight within tenure mix.

Q23: Do you agree that we should amend existing paragraph 62 of the Framework to support the supply of specialist older people's housing?

Response Q23 – Yes, Three Dragons regularly carry out older persons needs assessments for new specialist housing and, basing supply on information provided on the Elderly Accommodation Counsel's website, we almost always find that there is an under-supply of specialist older persons housing for sale or shared ownership, whilst in many districts there is an over-supply of such housing for rent (noting that some existing rented stock may be of poor quality and therefore unattractive to potential residents). As the UK population ages, the need for specialist housing increases and will play a role in reducing the stress on social care services.

An important point is that it can be harder to deliver specialist older persons accommodation in lower value areas. From a viability perspective it is more costly to develop, accounting for large areas of communal (and unsaleable) space and a longer sales period, the costs of building are often not recouped through sales.

(An example of this is set out in our recent report for Essex County Council where we undertook high level modelling for 4 different value areas across Essex. It was only in the highest value area that a policy compliant specialist older persons scheme was viable – although most other development types were viable in all 4 of the value areas. See tables 10.9 to 10.12 and the scheme in question is labelled RES10.

<https://www.essexdesignguide.co.uk/climate-change/net-zero-evidence/net-zero-carbon-viability-and-toolkit-study/>)

We would ask that government looks at ways of encouraging such development in lower value areas across the UK, through the Levelling Up funds for example or by encouraging the use of public sector land.

Q25: How, if at all, do you think the policy could be strengthened to encourage greater use of small sites, especially those that will deliver high levels of affordable housing?

Response Q25 – Three Dragons consider that in respect of small sites it is clear that the introduction of the ministerial statement (WMS 28th November 2014) and subsequent change to PPG (as set out in para 23b-023-20190901) removed the opportunity for most local planning authorities to collect contributions from small sites towards affordable housing provision. However, Three Dragons experience of small sites is that they are normally viable and can contribute towards affordable housing whether onsite or through commuted sums, so there is no viability reason as to why these small sites should not contribute. Please see

https://forms.newforest.gov.uk/ufs/form_docs/Policy/Evidence%20Base/VIA%20-%20Viability/01%20Submission%20Documents/VIA01%20Whole-Plan%20Economic%20Viability%20Assessment%20Three%20Dragons%202018.pdf?ufsReturnURL=https%3A%2F%2Fforms.newforest.gov.uk%3A443%2Fufs%2Fufsreturn%3Febz%3D2_1595670172746 by way of example. This is especially true on greenfield sites

and on sites with low existing land value. The only issue with small sites viability is sometimes on sites which are redeveloping an existing residential plot, which would already have an existing residential value and thus the opportunity to gain from any uplift in land value is reduced. Although, this can be accounted for when setting any requirements through plan making.

Therefore, it is recommended that WMS 28th November 2014 is quashed and that PPG is amended to enable local planning authorities to set local plan policy that allows affordable housing and any other mitigation to be collected regardless of size of scheme but according to viability. This would enable more contributions to be collected and therefore enable delivery of higher levels of affordable housing.

Q31: Of the 2 options above, what would be the most effective mechanism? Are there any alternative mechanisms?

Response Q31 - An alternative approach would be the introduction of a right for the planning authority to fast-track CPO at existing use values if the development does not proceed at the rate set out in the planning consent. This would enable the planning authority to gain control of delivery and work with housebuilders who are prepared to provide faster delivery.

Q51: Do you agree that selective additions should be considered for proposals to complement existing national policies for guiding decisions?

Q.52: Are there other issues which apply across all or most of England that you think should be considered as possible options for National Development Management Policies?

Response Q51 & Q52 - Three Dragons wishes to comment about the above linked questions with a specific proposal about future content of the National Development Management Policies.

On page 78 and under the heading- Aspects of policy which may require updating - the following is set out:

Meeting the challenge of climate change, flooding and coastal change	Changes to reflect and incorporate the immediate proposals being consulted on in this document, as well as any further changes needed to reflect our commitment to making sure that national policy goes as far as possible in addressing climate change.
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We have undertaken a number of studies for local authorities that have declared ‘climate emergencies’ and want to put in place policies that require building standards for new development that are more stringent than those in the Building Regulations (Part L). Typically, such policies are seeking ‘net zero’ development. Sometimes policies are supported by specific operational standards e.g. expressed in terms of space heating

demand and total energy use. Standards can thus vary significantly between authorities, often between adjoining authorities. The arbitrary variation in standards sought means that housebuilders must have a variety of house types in their portfolio to meet the variety of carbon reduction standards they find. This can mean confusion in the development industry and less opportunity for economies of scale that can be achieved and a subsequent increase in costs, affecting scheme viability and deliverability.

At the same time, there remains confusion about whether local authorities can actually have policies that go beyond Building Regulations and what is and what is not permissible, with planning inspectors taking different views at development plan examinations (see Cornwall & Lancaster for contrasting views).

DLUHC is asked to provide clear and unambiguous guidance to local authorities and PINS about what is and what is not allowed in terms of standards. This should be set out in a National Development Management Policy, backed up in Building Regulations, as soon as possible.

Q55: Do you think that the government could go further in national policy, to increase development on brownfield land within city and town centres, with a view to facilitating gentle densification of our urban cores?

Response Q55 – Three Dragons considers that more guidance should be provided on what is meant by gentle densification. If it refers to the Urban Institute of Development definition quoted below then we think that both self and custom build and specialist retirement housing is extremely well suited to achieving this objective.

“Gentle densification offers alternatives to towers by rezoning already-developed land to accommodate multi-family dwellings or subdividing existing lots to accommodate multiple smaller homes. For example, cottage or pocket neighbourhoods that features several small homes on smaller lots around a shared landscaped green, <https://boffo.ca/gentle-densification-in-vancouver/>”

For example a typical retirement housing development of 40 to 50 apartments will help support the local High Street generating typically £350K of new additional spend through the increased week round footfall of people living in or near the town centre, improve older people’s quality of life by ensuring that they have help on hand should they need it and safeguard against falls and loneliness. People living in a retirement community join a social network where evidence shows an average 80 year old feels 10 years younger than their age.

The vast majority of retirement housing communities are built on previously used brownfield sites within easy reach of local shops services on foot or by public transport. High quality well maintained landscaping and gardens are key features of retirement housing which look attractive and support biodiversity within the central urban areas. Younger people moving into older family house sized houses will often make improvements which reduce each dwelling’s carbon footprint by as much as 0.5 tonnes per year.

Note: Figures sourced from research undertaken by WPI economics between 2019 and 2021

We hope these comments are useful to the consultation process and help shape the NPPF and associated guidance.

Regards

Three Dragons