

Report of	Meeting	Date
Corporate Director (Business) (Introduced by the Executive Member for Economic Development and Regeneration)	Executive Cabinet	6th December 2007

## HOUSING & PLANNING DELIVERY GRANT - CONSULTATION ON ALLOCATION MECHANISM

### PURPOSE OF REPORT

1. To inform members of the publication of a Government consultation document relating to the allocation mechanism for the Housing and Planning Delivery Grant (HPDG) and to agree a response to it.

### RECOMMENDATION

2. To note the report and to forward the attached responses to the Department of Communities and Local Government.

### EXECUTIVE SUMMARY OF REPORT

3. The consultation paper proposes that the allocation mechanism for HPDG will consist of two elements, one relating to plan making and the other to housing delivery. There will be no grant for development control performance, but poor development control performance will be punished by a reduction in the grant for plan making. The plan making element will require Councils to identify a five and fifteen year supply of housing land and to deliver sound Development Plan Documents (DPDs). The Council is already able to identify a five year supply of housing on existing sites with planning permission in the Borough, but more work will be required to identify a fifteen year supply. It is also proposed to reward authorities for joint working on DPDs and Strategic Housing Market Assessments, which is good news for the authority, as we are undertaking joint work with South Ribble and Preston Councils on a Core Strategy and also about to embark on a Strategic Housing Market Assessment.
4. The housing delivery element of the grant aims to reward authorities that deliver housing annually at a level of at least 0.75% of existing housing stock, in order to meet the Government's national target for more housing to be built. At current housing stock levels this would equate to grant being awarded in Chorley if more than 336 homes were completed per year. This is fewer homes than the housing target for the Borough as set out in the draft Regional Spatial Strategy Panel Report and appears a realistic aim for the Borough.

### REASONS FOR RECOMMENDATION

5. To ensure that the opportunity is taken to express the Council's views to the Government about the proposed allocation mechanism for the HPDG.

## ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

6. None

## CORPORATE PRIORITIES

7. This report relates to the following Strategic Objectives:

Put Chorley at the heart of regional economic development in the central Lancashire sub region		Develop local solutions to climate change	
Improving equality of opportunity and life chance		Develop the character and feel of Chorley as a good place to live	√
Involving People in their Communities		Ensure Chorley is a performing Organisation	√

## BACKGROUND

8. The HPDG derives from claims from local authorities that housing growth was inadequately recognised by the local government finance system. The Kate Barker review recommended an incentive scheme to raise housing delivery, which the Government accepted. It is hoped that HPDG will incentivise local government to grow their tax base and also to enable communities that are experiencing housing growth to receive some reward for accepting new housing in their area. The recent Government Green Paper, "Homes for the future" sets out a range of measures by which the Government will work with partners and communities to deliver more and better homes. HPDG is part of this broader agenda.
9. HPDG builds on the existing Planning Delivery Grant. Planning Delivery Grant was designed to incentivise improved performance in development control, with smaller incentives for plan-making and for housing delivery in South East England. Some funding was also allocated for planning support and advisory bodies. The Government have decided that in future there will no longer be an award for performance on development control. Instead funding for development control will be supported by increases in planning fees, with separate arrangements for planning support and advisory bodies. HPDG funding will go exclusively to local authorities and will focus on plan making and housing delivery. HPDG will be unringfenced and used according to local priorities.
10. This consultation follows a previous consultation on the HPDG in 2006.

## KEY PROPOSALS

11. The proposed allocation mechanism for HPDG consists of two elements, one relating to plan making and the other to housing delivery.
- The Plan Making Element
12. All planning authorities will be eligible for the planning element (£194 million nationally over the three years to 2011). It will be split across 3 components:
- Assessment and delivery of land for housing over 5 and 15 year timescales;
  - Delivery of "sound" Core Strategy Development Plan Documents (DPDs) and other DPDs that allocate sites for more than 2000 dwellings; and
  - Delivery of "sound" DPDs and Strategic Housing Market Assessments through joint working.

13. The plan making element of the grant will be awarded to local planning authorities (LPAs) based on work undertaken during the previous financial year. Therefore, for the financial year 2008 – 2009 authorities will be rewarded for work undertaken for the period 1<sup>st</sup> April 2007 – 31<sup>st</sup> March 2008.
14. It is proposed that the assessment and identification of land for housing over 5 and 15 year timescales will comprise 40% of the plan making element. LPAs will be rewarded for maintaining a five year supply of deliverable (suitable, available and achievable) sites for housing. It will be assessed in either a five year land availability assessment or contained within a Strategic Housing Land Assessment or Annual Monitoring Report. Where LPAs have also identified a fifteen year supply of land for housing which is deliverable, developable and/or in broad locations the grant will be rewarded at an enhanced level. This will be assessed through evidence provided in Strategic Housing Land Assessments. If LPAs have not identified a 15 year supply of housing land by the end of March 2010, they will not be eligible for this grant element.
15. 50% of the plan making element will be based on the delivery of Core Strategies and other DPDs which allocate land for more than 2,000 dwellings. LPAs will be able to claim for each of the eligible DPDs that commenced during the relevant year, which are delivered in accordance with the Submission and Adoption milestones set out in the Local Development Scheme – the annually updated 3 year programme for LDF document production. A reduced percentage of grant will be allocated when DPDs are not delivered in accordance with the milestones in the Local Development Scheme.
16. It is proposed to reward LPAs that are working jointly on any DPDs and it is also proposed to incentivise local authorities to work together to jointly publish Strategic Housing Market Assessments by March 2009. These must be prepared through Housing Market Partnerships and must provide evidence of need and demand across the sub-region.
17. If development control performance falls below any national planning standard the Government propose to include a mechanism to abate HPDG from the planning element for plan making. The aim of this is to ensure that LPAs are rewarded when they deliver across the whole of their service and not just those elements that are relevant to HPDG grant allocation. For 2007/08 it is proposed that the abatement will be triggered where the local authority fails to deliver 60% of major planning applications within 13 weeks and 65% of minor and 80% of other planning applications within 8 weeks. In Chorley performance from April to October 07 was 88.9% for major applications, 73% for minor applications and 87.8% for other planning applications.

#### The Housing Element

18. The Government want more housing to be built in order to meet the national target of 240,000 homes per year by 2016 and improve long-term affordability. They are proposing that all local authorities delivering housing at a level of at least 0.75% of existing stock will be eligible for the housing element of the grant, which will be £316 million nationally over the three year period. Once eligible, allocation will be based on one unit of grant for each net additional dwelling beyond the 0.75% point. An average of the last three years' delivery figures will be used to avoid annual peaks and troughs.
19. The Government has decided against rewarding local authorities for housing delivery against existing targets in current plans, as some LPAs are revising targets via the Regional Spatial Strategy process and some targets are out-of-date. However, once targets are have been updated the Government plan to review the operation of the system to ensure that the HPDG accords with the planning framework. The consultation

paper states that the Government will seek to ensure that HPDG does not support inappropriate housing growth, via checks in the planning system.

### Additional Issues

20. The Government also considers that the HPDG might provide an opportunity to improve the design quality of new housing development. They suggest an assessment of the quality of built schemes could take place or that the steps that LPAs have taken to improve skills and knowledge in this area could be rewarded.
21. The Government are also seeking views as to whether there is any support for incentivising the delivery of family homes, by allocating a higher proportion of grant for these forms of housing rather than flats. They also wish to explore how HPDG might be used to incentivise local authority performance in the reduction in the number of empty homes. Another suggestion is to include registration of local surplus public sector land as an eligibility criterion for HPDG to encourage the use of such land for housing purposes.

### **IMPACTS FOR CHORLEY**

22. The Council is already able to identify a five year supply of housing on existing sites with planning permission in the Borough and there is further potential for housing at Buckshaw Village, so it is not envisaged that identifying a five year rolling supply of sites will be problematic in the near future. However, much work will be needed to identify a fifteen year supply of housing land, but this work is planned through future work on a Strategic Housing Land Assessment and work on the Core Strategy and Site Allocations Development Plan Documents. The Council is currently making progress on the preparation of a Core Strategy, which is due to be submitted to the Secretary of State in September 2009 and adopted in December 2010.
23. The Council is undertaking joint work on the Core Strategy with Preston and South Ribble Councils and a Strategic Housing Market Partnership to work on a Strategic Housing Market Assessment is currently being set up to cover the three Central Lancashire Districts, so grant in these areas is welcome.
24. As at April 2007 the housing stock level in Chorley was 44,832. Therefore, if these proposals are implemented, at current stock levels grant would be triggered if more than 336 houses were delivered per year, which is a figure that is below the housing requirement (417 dwellings per year) that is set out in the draft Regional Spatial Strategy for the North West Panel Report. The HPDG consultation paper gives an illustrative figure of £1600 for each additional unit above the 0.75% delivery floor. Therefore, it should be possible for Chorley to earn grant for the housing element of the proposed HPDG. It should be noted however, that housing completion data is often affected by factors outside of local authority control. Even when a site is deliverable, housebuilders decide when it will be developed and the speed of that development.
25. HPDG will not be ringfenced so will be able to be used for Chorley Borough priorities.
26. LPAs have been asked specific questions in the consultation paper. Responses to these questions are included in Appendix 1.

## IMPLICATIONS OF REPORT

27. This report has implications in the following areas and the relevant Corporate Directors' comments are included:

Finance	√	Customer Services	
Human Resources		Equality and Diversity	
Legal		No significant implications in this area	

## COMMENTS OF THE ASSISTANT CHIEF EXECUTIVE (BUSINESS TRANSFORMATION)

28. The report outlines the fact that this is potentially a new income stream for the Council and this will replace the planning delivery grant income that the Council has previously received.

The exact level of grant is unknown for 2008/09 and is dependant upon the final allocation scheme that is agreed. However, I have for budget planning purposes had to assume a level of grant and have included in the draft budget for 2008/09 a sum of £75k.

Based upon the level of grant received previously, the allocation methods proposed and our current performance, I believe this assumption to be reasonable. However, the final outcome will only be known later in the year once the allocation method is finalised and the grant figure confirmed.

JANE E MEEK  
CORPORATE DIRECTOR (BUSINESS)

<b>Background Papers</b>			
<b>Document</b>	<b>Date</b>	<b>File</b>	<b>Place of Inspection</b>
Housing & Planning Delivery Grant (HPDG) Consultation on Allocation Mechanism	October 2007		Civic Offices Union Street
Housing & Planning Delivery Grant (HPDG) Consultation Paper	July 2006		Civic Offices Union Street

<b>Report Author</b>	<b>Ext</b>	<b>Date</b>	<b>Doc ID</b>
Stephen Lamb	5282	09/11/07	HPDG Cabinet Report 07

## CONSULTATION QUESTIONS

1. **Do you agree with the principle of rewarding a 5 year supply of deliverable sites for housing?**  
Yes.
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.
3. **Do you agree with the principle of rewarding local planning authorities for the delivery of priority Development Plan Documents?**  
The delivery of priority Development Plan Documents is vital and should be rewarded, however, some flexibility is required. See below.
4. **Do you agree with reductions in the grant payable where delays occur to the delivery of milestones for submission and adoption?**  
No, the lack of clear consistent guidance on the production of DPDs is currently making it difficult for many authorities to meet milestones, which would then be penalised by reductions in grant. Some flexibility is required.
5. **Do you agree with the principle of joint working among local planning authorities?**  
Yes.
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 over a 5 and 15 year timescale, 50% for the delivery of development plan documents and 10% for joint working?**  
Yes.
7. **Do you agree with the principle of abatement where performance on development control declines below national planning standards?**  
Only if performance is significantly below national standards. It is unclear what the situation would be for authorities that receive no grant and have poor development control performance. Would money be taken away from such authorities?
8. **Do you agree with our proposed criteria for the housing element?**  
Once Regional Spatial Strategies are finalised these should form the basis for housing delivery targets. It should be noted however, that housing completion data is often affected by factors outside of local authority control. Even when a site is deliverable housebuilders decide when it will be developed and the speed of that development.
9. **In principle, do you think Housing and Planning Delivery Grant should be used to support improvements in design quality?**  
Whilst improvements in design quality are necessary, it is difficult to see how this would work effectively in practice. Who would assess the design quality of schemes?

When would they be assessed? How would improvements to skills and knowledge be assessed?

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

See above.

**11. Do you have any views as to whether Housing and Planning Delivery Grant should be incentivising delivery of family homes?**

Providing a Strategic Housing Market Assessment indicates a shortage of family homes in an area, incentivising the delivery of family homes would be acceptable.

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

Whilst bringing empty homes into re-use is desirable, it may prove very difficult to monitor it accurately in practice.

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

No comments.

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

This is likely to prove an incentive for those authorities with surplus public sector land.