

The Chief Planning Officer

12 May 2009

Dear Chief Planning Officer

**Planning for Housing and Economic Recovery**

**I am writing to outline what we are doing to help planning authorities to respond to the downturn and, in particular, to ensure that planning is in a position to deliver when the upturn in the economy happens. This letter sets out a range of measures building on the housing stimulus package announced in the Budget. We need to ensure that planning complements that package to continually respond to economic and market circumstances.**

It will come as no surprise in that context that the Government attaches particular importance to the identification of a good supply of land for housing. Planning Policy Statement 3 was published in November 2006 as a direct response to the Barker review, which drew attention to the problems created by not having enough suitable land on which to build the houses necessary for a growing population. Now is the time to ensure that land supply is in place so that we can deliver more housing as industry returns to health. Continued effort to re-profile schemes as well as getting sound plans in place will help create the conditions to attract capital investment and allow local authorities guide and steer investment in ways that the community wants.

**Housing and Planning Delivery Grant and Land Supply**

We are today launching a consultation on revisions to Housing and Planning Delivery Grant, ensuring that it continues to provide the strongest possible incentive to local authorities in significantly changed circumstances. Details can be found at: <http://www.communities.gov.uk/planningandbuilding/planning/>

The consultation reflects the fact that a necessary condition to facilitate a speedy recovery of the housing market, when demand starts to pick up, will be the availability of sufficient, suitable land for development. A key issue is how to ensure that the supply of land for housing is deliverable. Effectively this means two things: firstly, reviewing existing sites to judge whether there are actions that can be taken to unlock sites and allow development to go ahead, and secondly looking carefully with the development industry at all new opportunities.

Paragraphs 28-38 of the consultation document set out our approach on land supply, with paragraphs 30-31 referring particularly to the issue of the deliverability of sites.

In year 3 of HPDG we propose that grant will only be available for a completed SHLAA with a 5 year supply of deliverable sites in place and with evidence of active involvement of a partnership. There will also be a bonus for the completion of an implementation strategy in line with paragraph 62 of PPS3 that sets out how LPAs will plan for different scenarios, and bring forward land into their 5 year supply if housing delivery does not occur at the rate expected. Ideally this would be contained within the LDF but this requirement should not delay plan making. A sensible approach would therefore be to consider the requirements in PPS3 and clearly set out what this means for the authority. This can then be updated and reviewed, and form part of the LDF when the opportunity arises – for example as part of the core strategy.

We propose that these steps are underpinned by comprehensive checks. From the selective checks we have carried out in year 1, it is clear that there is still some way to go to ensuring that there are robust assessments of land supply that users of the planning system can be confident in.

We do, however, recognise the pressures facing planners and developers to ensure that the supply of land for housing identified in more economically buoyant times is reviewed and effectively managed in the light of the downturn. In recognition of this, for year 2 and for work undertaken up to March 2009, we will continue to reward authorities who can clearly demonstrate a 5 year supply of land for housing. There will be extra incentives for the publication of a SHLAA, and a bonus if this has been drawn together with the help of a housing market partnership.

We have also today published a best practice report prepared on the basis of selective checks of 5 year land supply assessments following payments of HPDG in year 1. I would recommend that you read '*Land Supply Assessment Checks*' a copy of which can be found on our website at <http://www.communities.gov.uk/planningandbuilding/planning/planningforhousing/>

In particular, authorities will want to have regard to the findings on establishing the deliverability of sites in Chapter 6 of the report. Chapter 7 outlines key conclusions and suggested best practice, with specific examples given in appendix 5. We are grateful to those of you who co-operated with the checks and propose to carry our further checks in year 2 of the grant with the aim of providing further advice and guidance.

### Planning Permissions

One impact of the current uncertain economic conditions is that some developers are experiencing problems bringing schemes forward within the standard 3-year permission period. We are aware of the concerns that this is causing to both local planning authorities and developers.

I recently wrote to remind you that you can use existing powers under section 91 of the 1990 Town and Country Planning to grant five rather than three year consents where appropriate in order to help bring forward development. In current conditions,

local planning authorities may wish to consider the advisability, in individual cases, of granting permissions with a longer duration.

We are also considering the possibility of allowing the extension of existing permissions beyond the standard 3-year period, and how this might work in practice. We will be consulting shortly.

### Section 106 and Viability

Now more than ever it is important to help authorities to ensure existing planning permissions are built out. Ultimately, section 106 agreements are contractual agreements between developers and local authorities to deliver what is necessary to make a development acceptable in order to obtain planning consent. Where they are asked to do so, local planning authorities should be carefully reviewing whether obligations agreed through section 106 accord with the five principles set out in B5 of planning circular 05/05.

We also announced in our response to the Killian Pretty Review that we are undertaking a work programme to maximise the effectiveness of section 106 planning obligation negotiations by sharing knowledge and best practice. This includes:

- Work with the Law Society to update our model agreement for planning obligations to assist in providing standard terms to be used by local authorities to speed up negotiation and drafting of section 106 agreements where possible.
- Facilitating the development of regional section 106 practitioners groups to assist in sharing of knowledge and best practice among local authority practitioners. This will seek to provide support for practitioners to deal with the current economic conditions.
- Working with the Homes and Communities Agency to explore the development of a toolkit for use by local planning authorities to predict the affordable housing contribution that can be supported through section 106 in a local authority or housing market area.
- Conducting new research, undertaken by the University of Sheffield and the University of Cambridge, to study the use and value of planning obligations in 2007-08 (the latest year for complete data) – to provide a better understanding of the use, effectiveness and general practice on the ground. Survey work is currently in the field and we would encourage any authority yet to respond to reply to the research team.

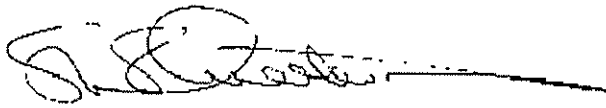
Furthermore, we confirmed in the Budget that the Community Infrastructure Levy (CIL) regulations will come into effect on the Common Commencement Date of 6 April 2010.

Next steps

It is important that planning is in a position to help deliver when the upturn in the economy happens. This means making sure enough land is available for housing and economic development and that planning permissions are in the 'pipeline' and can be implemented. We are working across the sector to assist, give advice and when appropriate support changes to the planning system to this end.

I am copying this letter to the Planning Inspectorate and am making it publicly available on our website.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Steve Quartermain', written over a horizontal dashed line.

**Steve Quartermain**  
Chief Planner