



Housing and Planning Delivery Grant  
**Allocation Mechanism and Summary of  
Consultation Responses**





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# 1. Introduction

## Scope of Summary of Responses

The Government set out detailed proposals for the Housing and Planning Delivery Grant (HPDG) Allocation Mechanism for consultation between October 2007 and January 2008. This document confirms the final allocation mechanism in the light of the comments received, and notes the Government's intention to bring forward proposals for an affordable housing incentive from 2010–11.

In addition, this document provides a summary of responses to the consultation. This follows the format of the consultation paper, bracketing responses according to those related to the proposed allocation mechanism itself (Part B of the consultation paper: housing and planning elements) and those related to possible future incentives (Part C: Additional Issues).

## HPDG and the Housing Green Paper

The overall aim of HPDG is to *incentivise local authorities to improve delivery of housing and other planning outcomes*. As set out in last year's Housing Green Paper, *Homes for the future: more affordable, more sustainable*, it supports the delivery of the new national target of delivering 240,000 new homes per year by 2016.<sup>1</sup>

HPDG derives from claims by local authorities that growth was inadequately recognised by the local government finance system, as set out by Kate Barker in her Review of Housing Supply (2004, Recommendation 18). HPDG has always been about targeting funding to recognise and incentivise growth, rather than supporting other housing outcomes.

HPDG's emphasis on delivering more homes sits alongside other policy and funding announcements elsewhere. For example, the Government has also announced measures on:

- the provision of supporting infrastructure
- improving the design of homes
- reaching zero-carbon development
- maintaining at least 60 per cent of development on brownfield sites, and
- funding of around £1bn for housing market renewal Pathfinders and £2bn for the Arms Length Management Organisations (ALMO) project.

<sup>1</sup> <http://www.communities.gov.uk/documents/housing/pdf/439986>

### **2008–09 Allocations**

Provisional allocations under HPDG – for both the housing and the planning elements – are being published alongside this document. Local authorities will have six weeks to report any data accuracy issues to Communities and Local Government. Actual payments will follow in October 2008.

## 2. Allocation Mechanism

The allocation mechanism for HPDG will consist of a housing element and a planning element. In response to views expressed in the consultation, the Government will bring forward proposals for an additional element to incentivise affordable housing from 2010–11.

In confirming the allocation mechanism, it is important to ensure that HPDG's incentives continue to be effective over time. The Government will therefore closely monitor both the housing market and the impact of HPDG and consider any necessary changes in light of emerging evidence.

### Housing Element

All local planning authorities, excluding Minerals and Waste authorities, with net additional housing completions equivalent to at least 0.75 per cent of their existing housing stock will be eligible for the housing element. For each net addition above the same 0.75 per cent threshold, the local planning authority will receive one unit of housing grant (rounded up to the nearest unit).

The level of unit housing grant will be determined by dividing the overall annual pot of funding by the number of net additional homes above the eligibility threshold (as a three-year average). In 2008–09 total housing element funding is £40m.

Net housing additions reached the 0.75 per cent threshold in 200 local planning authority areas. The total number of net additions above the threshold in these areas was 43,650. Therefore, the unit level of housing element is £40m divided by 43,650 homes, or **£916** per net addition.

### Planning Element

Responses received in the consultation were broadly supportive of the proposed allocation mechanism for the planning element and so the Government has decided to leave it largely unaltered. However, in response to particular concerns, the Government has decided on two significant changes:

First, a number of respondents expressed the concern that the planning element could be allocated disproportionately to a few authorities processing a large number of eligible plan documents. To address this, the Government has decided to impose a maximum allocation of the planning element for any one authority. For the first year of the grant (2008), this maximum will be £1m (1.7 per cent of the whole planning element).

Second, many respondents argued that rather than incentivise family homes or any other particular type of home, HPDG should simply incentivise a stronger evidence base to identify actual local housing needs. In light of these views, the Government has decided to reward the production of Strategic Housing Market Assessments (SHMAs) for all authorities, rather than only those authorities working on their SHMA jointly with other authorities.

Therefore, the planning element will now consist of four separate elements, with incentives for:

- **demonstrating sufficient land for housing** in line with Planning Policy Statement 3 (PPS3) (40 per cent of planning element)
- **delivery of Core Strategies and Development Plan Documents** allocating more than 2,000 dwellings (50 per cent of planning element)
- **joint working** on the production of development plan documents (6 per cent of planning element) and
- **publication of a Strategic Housing Market Assessment** (4 per cent of planning element).

#### **Demonstrating sufficient land for housing in line with PPS3**

Authorities will be rewarded for having a five year supply of deliverable sites in line with Planning Policy Statement 3, as identified in National Indicator 159. For the first year of the grant this must be at least a five year period from 1 April 2007 to 31 March 2012. But for the second and third years, they must provide a forward look, i.e. 1 April 2009 to 31 March 2014 (in year two) and 1 April 2010 to 31 March 2015 (in year three).

Where local planning authorities have also published a Strategic Housing Land Availability Assessment that demonstrates 15 years supply of housing land that is deliverable, developable and/or in broad locations of housing sites, then the reward for maintaining the five year supply will be rewarded at an enhanced level (1.5 x the normal amount). This will only be available in years 1 and 2 of the grant.

In year three of the grant, local planning authorities will only receive the five year supply element where the SHLAA has been published by 31 March 2010.

	% of planning element	Funding for three years of CSR07		
		2008	2009	2010
Demonstration of 5 years supply of deliverable sites for housing	40%	£24m	£28.8m	£24.8m
Publication of a SHLAA				
<b>Total</b>	<b>40%</b>	<b>£24m</b>	<b>£28.8m</b>	<b>£24.8m</b>

### Delivery of Core Strategies and Development Plan Documents allocating more than 2,000 dwellings

This part of the plan-making element will be based on the delivery of Core Strategies and Development Plan Documents (DPDs) which allocate sites for more than 2,000 dwellings. For measuring progress on delivery of DPDs, local authorities will be measured against the local development scheme (LDS) that was submitted to the relevant Government Office in line with their request in December 2006 that local planning authorities should submit LDSs that would become the definitive programme management documents. From 1 April 2007 the LDS should only be departed from in exceptional circumstances or as agreed in response to annual monitoring.

Eligible Development Plan Documents	% of planning element	Funding for three years of CSR07		
		2008	2009	2010
Core Strategy (excluding minerals and waste)	48%	£28.8m	£34.56m	£29.76m
A non Core Strategy DPD which allocates sites for more than 2000 dwellings in total over the plan period.				
County Council Minerals and Waste Core Strategy	2%	£1.2m	£1.44m	£1.24m
<b>Total of planning element</b>	<b>50%</b>	<b>£30m</b>	<b>£36m</b>	<b>£31m</b>

Local planning authorities will be able to claim for each of the eligible DPDs that commenced during the relevant year and then for each of the stages completed by an eligible DPD in accordance with the table set out below. Where an authority has already adopted an eligible core strategy DPD in the first year of the grant the authority will qualify for the full baseline grant for a Core Strategy.

Authorities will only be rewarded for non-core strategy DPDs where more than 2,000 dwellings are allocated on identified sites over the plan period within that DPD. Unitary authorities preparing separate minerals and waste DPDs will not be eligible for a further element of core strategy grant.

Where an eligible DPD is not delivered in accordance with the Submission and Adoption milestones set out in the LDS in effect for the relevant year, a reduced percentage of grant will be allocated. The percentages may change over the three year period to reflect the milestones which are planned to be achieved.

<b>Development Plan Document Stage</b>	<b>On time</b>	<b>&gt;35 &amp; &lt; 190 days late</b>	<b>&gt;189 &amp; &lt; 365 days late</b>
Pre Examination (Includes all work up to Submission)	£10,000 for core strategy or for a non core strategy DPD which allocates more than 2,000 dwellings.		
	Percentage of grant paid		
Submission	40%	25%	0%
Adoption	60%	35%	20%
<b>Total award for DPDs</b>	<b>100%</b>	<b>60%</b>	<b>20%</b>

**Joint Working**

A number of local planning authorities have elected to prepare joint planning documents, either through the establishment of a Joint Planning Committee under section 29 of the Planning and Compulsory Purchase Act 2004 (PCPA 2004) or through joint working under section 28 which allows authorities to prepare joint development plan documents. We will reward local authorities who are working jointly on the production of any DPD under the provisions of the PCPA 2004.

	<b>% of planning element</b>	<b>Funding for each year of CSR07</b>		
		<b>2008</b>	<b>2009</b>	<b>2010</b>
Preparation of Joint Local Development Documents	6%	£3.6m	£4.32m	£3.72m
<b>Total of planning element</b>	<b>6%</b>	<b>£3.6m</b>	<b>£4.32m</b>	<b>£3.72m</b>

## Strategic Housing Market Assessments

Instead of rewarding just the joint working element of Strategic Housing Market Assessments (in line with the original proposal), we now intend to allocate money to all authorities who have completed and published an assessment. This is in response to the majority of respondents to the consultation question about rewarding provision of family homes, who suggested that we should reward the development of a robust evidence base and identification of need – rather than one type of housing over another. Authorities will only be eligible for grant if the Strategic Housing Market Assessment is published before 31 March 2010.

	% of planning element	Funding for each year of CSR07		
		2008	2009	2010
Preparation and publication of Strategic Housing Market Assessments	4%	£2.4m	£2.88m	£2.48m
<b>Total of planning element</b>	<b>4%</b>	<b>£2.4m</b>	<b>£2.88m</b>	<b>£2.48m</b>

## Abatement

We will reward the local planning authority planning service taken as a whole.

To ensure that there continues to be an incentive to deliver on development control, there will be a mechanism to abate the plan making element of the grant where the development control performance falls below any national planning standard included in **NI 157** (processing of planning applications as measured against targets for 'major', 'minor' and 'other' application types). This will ensure that local authorities are rewarded where they deliver across the whole of their service and not just those elements which are directly linked to HPDG incentives.

The abatement will be triggered where under the new performance regime the local authority fails to deliver 60 per cent of major planning applications within 13 weeks and 65 per cent of minor plus 80 per cent of other planning applications within 8 weeks. The authority will have grant abated based upon workload in terms of the number of planning applications handled for the particular category as follows:

Major applications	Weighting	Minor & Other applications	Weighting
Less than 30	3	Less than 1 100	3
30 to 54	2	1 100 – 1 749	2
55 and above	1	1 750 and above	1

The abatement will be based on the cumulative score for major and minor and other planning applications as follows:

Requirement	Abatement
Where the total weighting is 1 or 2 points	10% of total grant awarded
Where the total weighting is 3 or 4 points	15% of total grant awarded
Where the total weighting is 5 points or more	20% of total grant awarded

### Cap on Planning Element

The planning element will be subject to a cap of £1 m.

### Proposal for an Affordable Housing Element

A number of respondents to the consultation pointed out that some areas will struggle to reach the 0.75 per cent threshold, either because they already have very high existing stock and/or they have limited land supply, due for example to Green Belt restrictions. Despite this, these respondents argued, all areas have their own housing supply pressures, such as the need for small numbers of affordable homes in some rural areas.

The Government agrees that all areas need to have an incentive to do more to deliver the homes their communities need, including in both built-up areas and rural communities. In response to this, later this year the Government will publish for consultation proposals for a third HPDG element, specifically to incentivise the delivery of affordable housing. This element would be funded from within the existing £510m. The Government is minded to introduce this incentive in the third year of HPDG (2010–11), when housing funding rises sharply to £188m.

The Government will liaise with key stakeholders over the coming period and will publish firm proposals for consultation later this year.

### Note on Data

#### Verifying Allocations

Our approach to data has been guided by the principles of robustness and fairness to all authorities. The provisional allocations being published alongside this document are based on data both originally provided by local authorities (directly to Communities and Local Government or to Regional Assemblies in autumn 2007 and Government Offices and the Planning Inspectorate over the period 1 April 2007–31 March 2008) and subsequently also verified by them (for the purposes of HPDG in June 2008).

Given the source of the delivery data, the verification process outlined above, and the fact that any change for a single authority would generate knock-on changes for all others, our starting position would be the data should not be changed unless there are convincing reasons to do so. However, local authorities will have six weeks from the date of this publication (to 27th August 2008) to alert the Department to any discrepancies.

### **Housing stock**

Existing housing stock will be that at 31 March 2007 and will be taken from the Housing Strategy Statistical Appendix, as reported by local authorities. This figure will act as a baseline (rather than a rolling average) so that local authorities know at the outset of this spending review period the quantum of delivery needed each year to meet the 0.75 per cent eligibility threshold.

### **Housing delivery**

Delivery performance will be measured in net additional housing completions to the housing stock, taken as a rolling average from the previous three years. So, for example, for the first year of the grant (2008) the three year average will be taken from the years 2004–05, 2005–06 and 2006–07.

Data on net additions will be taken from the regional assembly annual monitoring reports. These data are provided by local planning authorities themselves and provide the most robust, consistent and publicly-available data. In our view, therefore, they provide the fairest basis for assessing housing delivery.

If a local authority has any question on its delivery data, it may want to consider the merits of simply revising the data through the regional assembly in the normal way. Such revised data will then be included as part of the authority's rolling three-year average from the following year.

Housing supply figures for London are those reported to the Greater London Authority by London Boroughs. To maintain consistency with other regions, nonconventional supply will be excluded, ie housing supply in the form of non-self contained dwellings and vacant dwellings being brought back into use.

The approach on data set out above will apply for each year's housing element allocation during this spending review period, ie up to 2010.

### **Planning Element**

The planning element of the grant will be awarded to local planning authorities based on information collected during the previous financial year. This will mean that in the financial year 2008–09 authorities will be rewarded for information collected during the period 1 April 2007 to 31 March 2008.

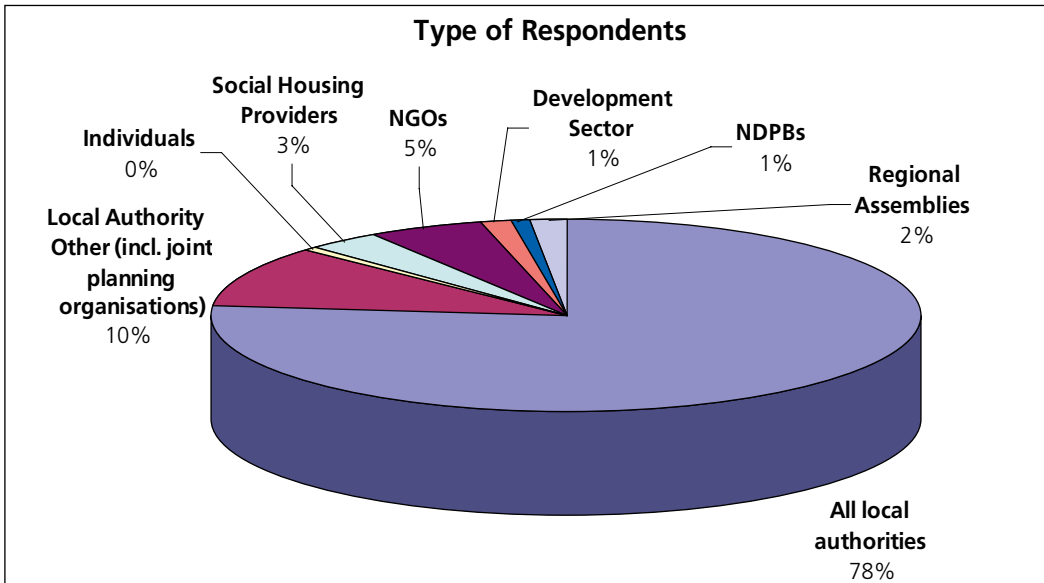
Information collected may be subject to random checks in order to assess suitability for grant.

The five year supply information could be taken from stand alone assessments in line with the advice note on the PINS website, or contained within Strategic Housing Land Availability Assessments – or any other information that authorities think is in line with Planning Policy Statement 3. In years two and three this information should be published in the local planning authority's Annual Monitoring Report (AMR).

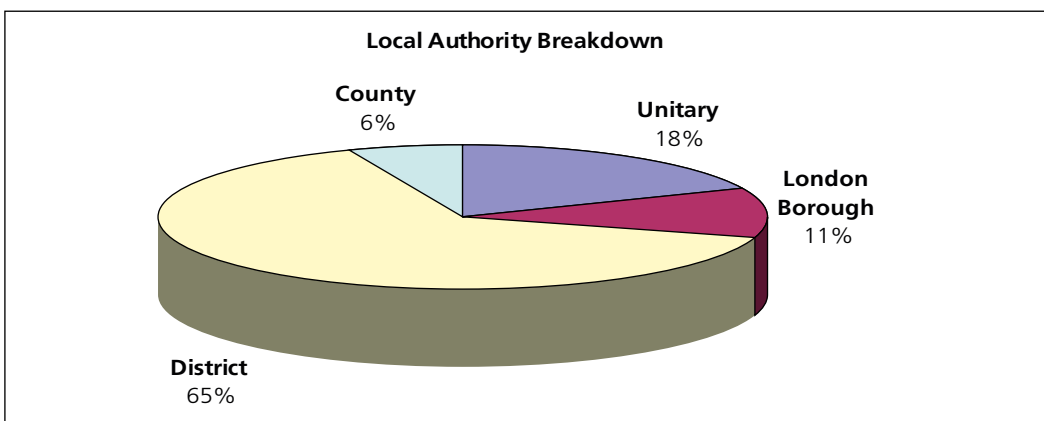
### 3. Summary of responses on the allocation mechanism

#### PART A: Overview of Responses

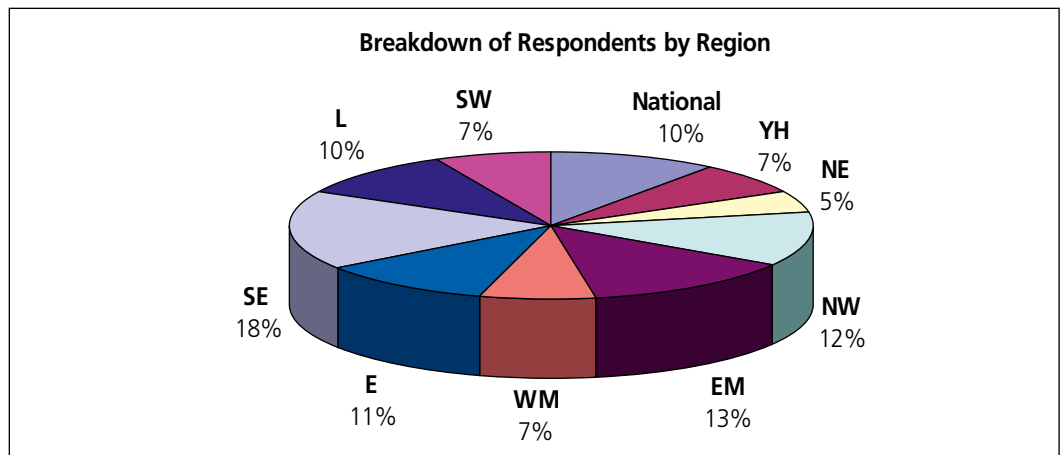
Two hundred and thirty submissions were received in response to the HPDG consultation. Nearly 90 per cent of submissions were from local authorities, either individually or in partnerships, such as through joint planning associations. This is illustrated at **Figure 1**.



Of the individual local authority respondents, the vast majority (94%) were from unitary or lower-tier authorities, i.e. those authorities with direct responsibility for housing and planning, as illustrated in **Figure 2**.



The geographical location of all respondents is shown at **Figure 3**. This was broadly in line with each region’s proportion of local authorities, although by this measure the East Midlands was slightly over-represented and the West Midlands and South West slightly under-represented.



An alternative gauge of the strength of representation for each region is to compare the number of responses for each region with the number of local authorities in that region. For example, there are 34 local authorities in the West Midlands but only 17 responses came from that region so, in this case, the level of response was 50 per cent. By this measure, Yorkshire & Humber, the East Midlands and London had the strongest representation, whereas the North East and the South West had the weakest, as shown in **Figure 4**.

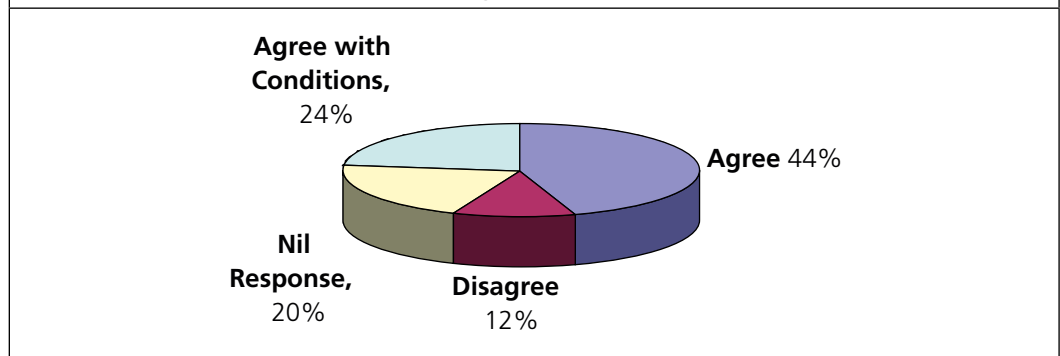
A full list of respondents is provided at **Annex A**.

**PART B: Housing and Planning Elements**

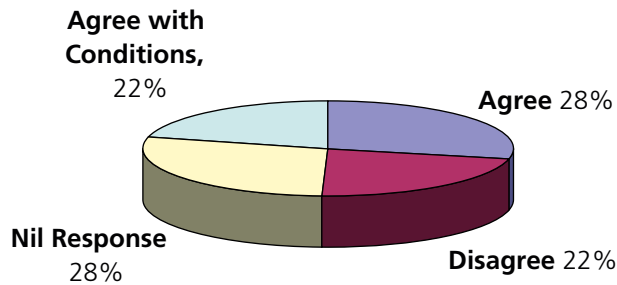
This section summarises responses to the individual questions posed in the consultation document. It follows the same format as the consultation, focusing first on the planning element, then on the housing element and finally on the set of separate but related issues, such as better design.

The Planning Element

**Q1. Do you agree with the principle of rewarding a 5 year supply of deliverable sites for housing?**



**Q2. 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?**



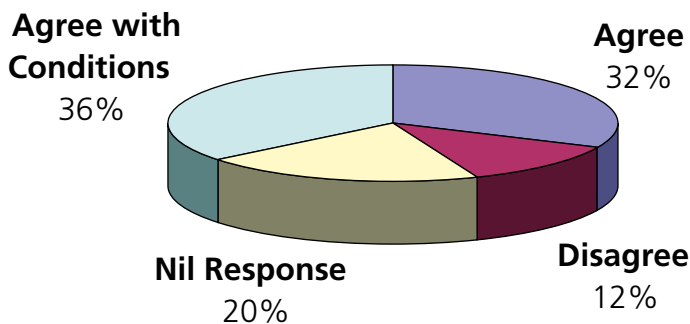
There was broad agreement with the principle of rewarding a five-year supply of deliverable sites for housing. Most respondents felt it was sensible to reward something that is now a requirement under PPS3. A few respondents requested clarification of detailed points relating to the land supply approach in PPS3, whilst others expressed concern about the policy approach itself.

Of those who responded to this question, there was strong support for the principle of enhanced grant where an authority has also identified 15 years of land for housing.

**Government Response**

We intend to proceed as originally set out in the consultation paper. We will respond to requests for clarification of and concerns about PPS3 separately.

**Q3. Do you agree with the principle of rewarding local planning authorities for the delivery of priority Development Plan Documents?**



This proposal was generally thought of as sensible as it rewards the production of documents which authorities should already be producing.

The overwhelming concern cited was that the figure of 2000 dwellings for priority DPDs was arbitrary and disadvantaged smaller LPAs. There was also concern that too much emphasis was placed on housing numbers at the expense of other spatial and environmental priorities.

A further concern was the time against which the Local Development Scheme (LDS) is measured with some authorities considering that the latest LDS should be used to assess performance, not the LDS which was in effect in April 2007.

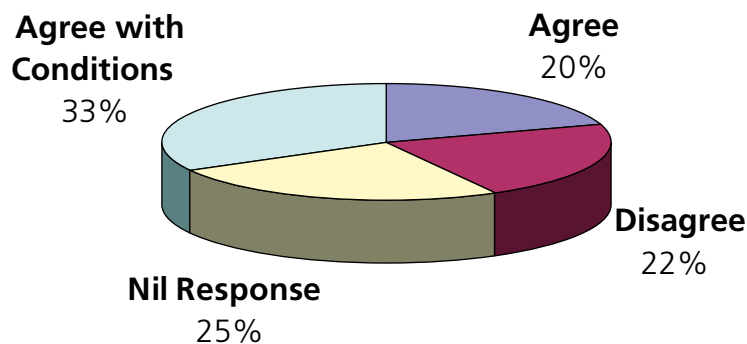
Nearly half (44 per cent) of respondents pointed out that delays are not always in the control of the LPAs. A wide range of reasons was given for delays, including late emergence of guidance, changes in political leadership, recruitment difficulties and delays at the post-submission stage of a DPD. A minority called for flexibility around which LDS performance is measured and around flexibility to update LDS milestones caused by RSS delays

County Council authorities considered that there was too little allocated to the preparation of Minerals and Waste development plan documents.

**Government Response**

The delivery of 2000 dwellings taken over the plan period is not significantly high. For a plan covering a 15 year period this would equate to an annual average allocation of 133 dwellings. Within current emerging RSSs there are approximately only 30 authorities who would be below this annual rate. We therefore propose no changes to this element. To ensure that authorities do not introduce several DPDs instead of producing one document, we propose to introduce a cap on the planning element of £1m.

**Q4. Do you agree with reductions in the grant payable where delays occur to the delivery of the milestones for submission and adoption?**

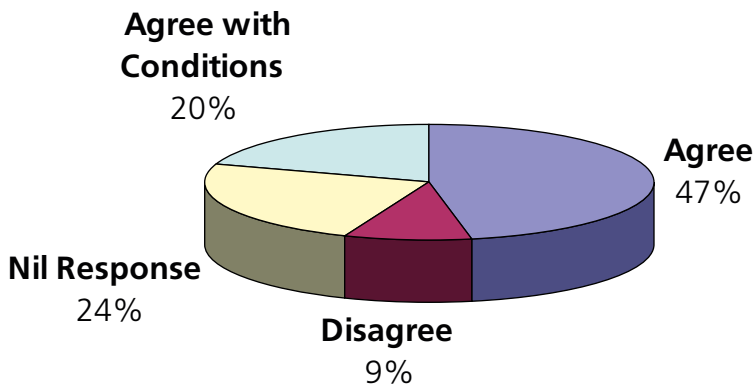


The majority of respondents agreed with this proposal, although many emphasised that the need for expeditious delivery should not compromise the quality of DPDs. A number of respondents requested flexibility, based on talks with Government Offices to reflect real progress on sound DPDs.

**Government Response**

We have made clear in the final mechanism that authorities will be awarded grant for the LDS submitted to the Government Office in line with their request in December 2006 that local planning authorities should submit LDSs that would become the definitive programme management documents and from 1 April 2007 the LDS should only be departed from in exceptional circumstances or as agreed in response to annual monitoring. To allow authorities to continually revise the LDS without justification does not provide sufficient incentive to deliver quality plans on time. We will accept reasonable amendments to LDS timescales specifically where these are as a result of either the introduction of the new local development regulation requirements, which may affect submission dates, or in relation to local government reorganisation.

**Q5. Do you agree with the principle of rewarding joint working among local planning authorities?**

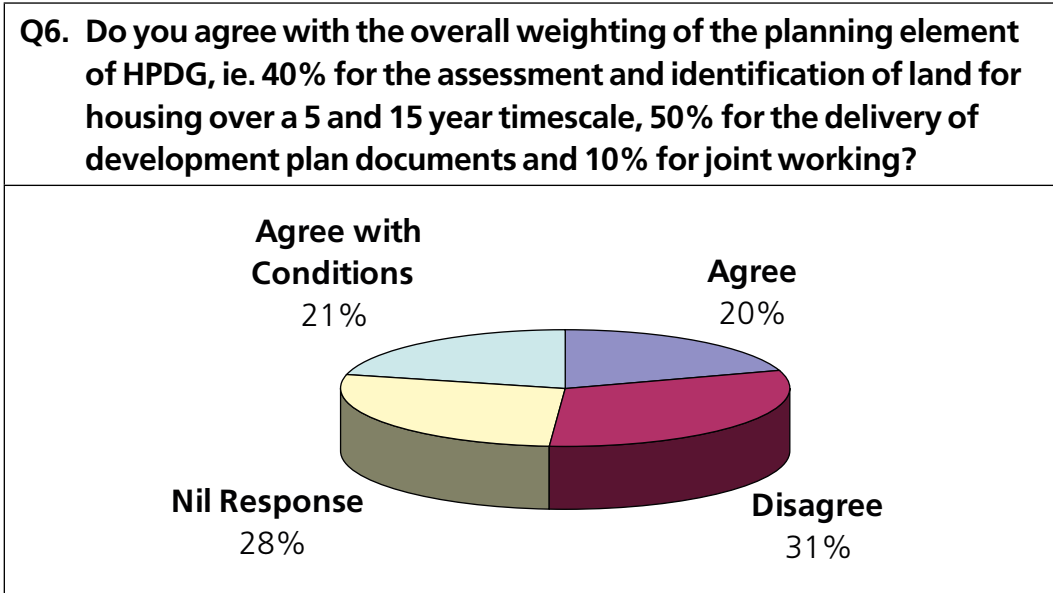


There was support for the principle of joint working and many respondents called for the current criterion to be extended, particularly regarding the production of joint supplementary planning documents.

The main concern was that joint working was not possible for all local planning authorities, particularly when LAs are at different points in their LDFs. Minerals and waste authorities were also eager to ensure that they qualified for this incentive.

**Government Response**

We intend to continue with proposals to reward this element, in light of the broad support. Working across boundaries – including across tiers of local government – is increasingly important in unlocking housing delivery and exerting strategic local leadership. This is particularly significant given that housing supply targets have been included in 104 out of 150 Local Area Agreements, plus a number of Multi-Area Agreements.



Around 40 per cent of respondents agreed with the overall weighting of the planning element. Around half of these suggested one or more minor changes, many of which were also proposed by the third of respondents who disagreed.

The most popular change called for was to rebalance the planning element towards joint working and/or extending the definition of joint working to cover more areas of work. The second most popular suggestion was rebalancing the planning element towards plan making. A significant minority thought that it was inappropriate to offer anything for joint working because it was not appropriate for all authorities.

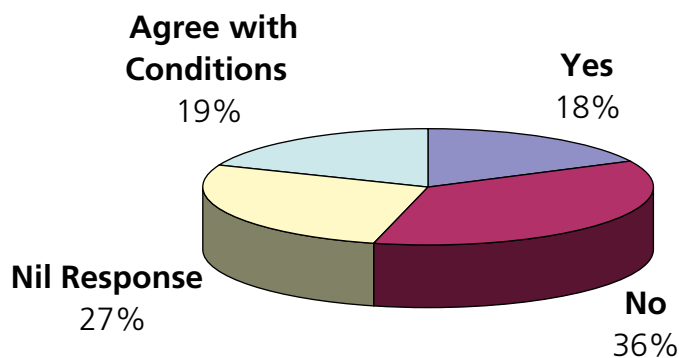
There was a range of views in response to the proposal for rewarding identification of land for housing. Several respondents thought more reward should be allocated for this incentive, whilst others argued that too much reward was already allocated against it.

### Government Response

We have recognised that joint working may not be possible for all authorities. Consequently, the reward for publishing a completed Strategic Housing Market Assessment (SHMA) will be available to all authorities, not just those authorities working on their SHMA jointly with another authority. We do not propose any other changes.

The Government believes that it is important to incentivise the supply of land for housing and to do so with a significant proportion of the planning element. This is an area of policy where local authorities can make a significant and direct contribution to increasing housing delivery and addressing affordability issues in their local area. We will therefore proceed with the 40 per cent reward of the planning element, as proposed.

### Q7. Do you agree with the principles of abatement where performance on development control declines below national planning standards?



This was not seen as desirable by the majority of local planning authorities (LPAs) because of the loss of PDG which specifically increased capacity in LPAs.

There was a concern that an increase in planning fees would not cover the loss of PDG which would have serious implications on the ability of LPAs to maintain development control standards

Further concerns were expressed that the level of abatement was excessive and would affect smaller LPAs. Other respondents pointed out that no LPA had dealt with 300 plus major applications in 2006–07.

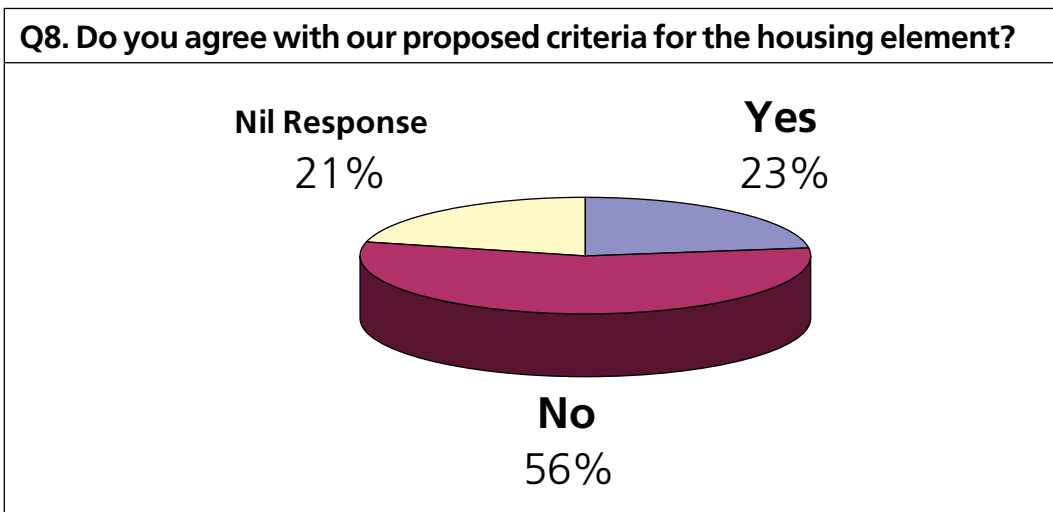
Some respondents considered that HPDG reward for performance in plan-making areas etc should not be abated for poor performance in a separate area of the planning service.

**Government Response**

It is important to keep in mind that HPDG is designed as a strong incentive, not a capacity building fund. The former Planning Delivery Grant (PDG), which supported local planning authorities’ development control functions, was always intended as a temporary measure. As requested by local authorities themselves, the Government has raised planning fees to ensure a more direct form of self-funding for development control in the future.

It is important that the improvements in development control brought about by Planning Delivery Grant are not lost. We are now asking local authorities to play a key role in the end to end delivery of development management. This means not concentrating improvements in one area of planning at the expense of another, but looking at the service as a whole: we have made some minor changes to the number of applications in each of the categories that will trigger abatement.

**Housing Element**



The majority of respondents, 56 per cent, did not support the housing element proposals, due mainly to concerns about eligibility and about its linkage to existing housing stock rather than plan numbers.

The single biggest concern – raised by 77 respondents – was that the proposal was linked to existing stock rather than statutory housing targets. A number of these accepted that the proposed link to existing stock may be appropriate in the short term but argued that over time, and as Regional Spatial Strategies (RSSs) are embedded across the country, the allocation criteria should be based on delivery against planned targets rather than stock. 28 respondents felt that the proposed housing element rationale needed further explanation, in particular in respect of the 0.75 per cent eligibility threshold.

Concern was also raised about the ability of certain areas to reach the 0.75 per cent eligibility threshold due to pressures elsewhere beyond their control, particularly high existing levels of stock and restricted land supplies. 64 respondents – made up of Housing Market Renewal areas (29), densely-populated areas such as London boroughs (19) and areas with land supply restrictions (16) – felt that eligibility ought to be extended to ensure that HPDG provides a housing delivery incentive to those areas where affordability and other housing pressures are acute, even if they cannot deliver above a threshold of 0.75 per cent of existing stock. 21 respondents suggested that the housing element ought to reward other outcomes, such as affordable housing, as identified in a local Strategic Housing Market Assessment.

19 respondents expressed concern that the proposed housing element would unfairly hold local authorities accountable for housing delivery in their area, which they argued is beyond their direct control. Instead, most felt that grant should be allocated at least in part against either permissions granted or as up front funding for capacity building.

A number of other issues were raised. 16 respondents, mostly from local authorities, pressed for delivery to be assessed as gross rather than net additions to take account of demolitions brought about through regeneration programmes. 13 respondents expressed specific concern about the impact of the housing element on sustainable development and recommended specific environmentally-focused incentives, such as for homes built on brownfield land. An equal number expressed support for the 0.75 per cent delivery-against-stock criterion as simple and fair. A range of other issues were raised by smaller numbers of respondents, including implications for authorities moving to unitary status, a call for clarification on what data would be used to determine allocations and the level of the per unit housing grant.

#### **Government Response**

The central purpose of HPDG is to provide an incentive to local authorities to deliver more homes. HPDG is a key tool in helping to move towards the national target of 240,000 additional homes p.a. by 2016. To be successful in its own terms, HPDG will need to incentivise the delivery of more homes than would otherwise be delivered.

The Government believes it would be inappropriate to allocate grant against structure plans, as these have been out-of-date for some time, often with unrealistically low targets. They would not, therefore, provide the basis for a strong incentive.

*(continued)*

**Government Response (continued)**

The alternative approach, to base allocations on RSSs, would also weaken the incentive of HPDG at the current time. Since RSSs are introducing higher targets than are currently being delivered in most areas, far fewer authorities would have a realistic opportunity to benefit. In any case, given that allocations will be awarded *retrospectively* for the last three years of delivery, allocating against RSS targets that are still emerging is not currently viable.

A clear majority of authorities will qualify for the housing element of the grant in its first year. Many more authorities fall close to the margin of eligibility and therefore are in a strong position to qualify in future years. More authorities qualify under this model than if the eligibility was based on meeting emerging RSS targets. In short, the Government believes the existing stock option is simple, fair and effective:

- It is **simple** because each local authority can work out quickly and with certainty how many extra homes will be needed to qualify for grant.
- It is **fair** because eligibility is open to all and because it recognises the relative contribution of different local areas, features requested forcefully by many stakeholders in developing our proposals.
- It is **effective** because the 0.75 per cent eligibility threshold will target the incentive at the margin, avoiding reward for housing that would have been delivered anyway.

The Government recognises that, despite current challenges in the housing market, worsening affordability remains a problem across the country, and agrees that it is important to ensure that all areas have a housing delivery incentive. Affordable housing is a particular priority and delivery of even small quantities can be vital to maintaining the sustainability of many areas, such as inner-London boroughs and some rural areas. As set out above (**page 12**), therefore, the Government will publish proposals for consultation later this year to provide a separate incentive to deliver affordable housing.

Government will monitor the impact of HPDG and changing circumstances in the housing market and will make required changes to the allocation mechanism as necessary to ensure it remains an effective incentive over the three year grant period.

(continued)

**Government Response (continued)**

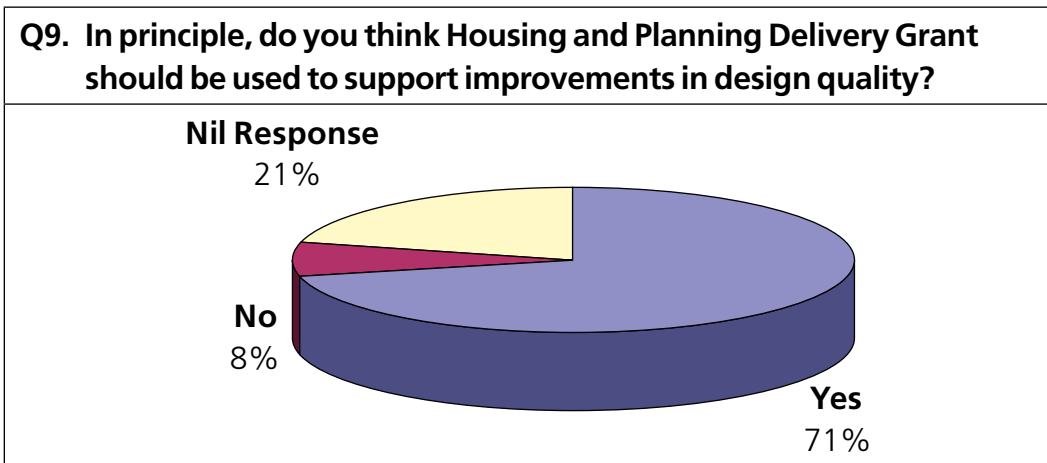
Rewarding planning permissions rather than housing completions would reduce the effectiveness of the grant as an incentive because it would take the focus away from outcomes and decouple it from the national housing target of delivering 240,000 new homes p.a. by 2016. The Government therefore considers that allocating grant on the basis of housing delivery rather than permissions is both fair and effective.

The Public Service Agreement to Increase Long-term Housing Supply and Affordability (PSA20) sets a national target of 240,000 net additions p.a. by 2016. This is reflected also in the National Indicator set, which measures overall supply in terms of net additions (NI154). As set out in last year's Housing Green Paper, *Homes for the future: more affordable, more sustainable*, HPDG is a key tool in delivering against this target. It is therefore important that the grant aligns to the national target by incentivising net rather than gross additional housing delivery.

On the issue of sustainable development, the Government agrees that HPDG needs to respect the primacy of the planning system, including PPS3. This means local authorities carrying out their place-shaping role responsibly and in the long-term interests of the whole community. The Government will conduct an evaluation of HPDG after 12 months, which will consider carefully the local authority place-shaping role. The Government will also work through Government Offices, in partnership with the LGA and others, to assess on a regional basis the operations of HPDG and its impact on wider sustainable development objectives.

For those authorities moving towards unitary status in 2009, HPDG allocations this year will be unaffected. For allocations in 2009 and 2010 we anticipate that housing targets and delivery data in the authority areas making up the future unitary authority will be aggregated and applied to the new authority. We will liaise with the authorities involved directly to take account of any local issues in advance of future allocations.

**PART C: Additional Issues**



There was a very strong consensus in support of the principle of incentivising improvements in design quality. Of the 219 stakeholders who responded to this question, 161 indicated support, while 17 disagreed. A further 42 stakeholders did not respond to this question.

There was broad agreement that a design incentive would not only be valuable in its own right but could also help ensure that HPDG rewarded quality outcomes and therefore help to address concerns that the housing element was overly focused on quantity.

Around one third (57) of the stakeholders who agreed with the principle of incentivising good design had concerns around making this sufficiently robust, consistent and light-touch. Whilst wanting better design, they expressed caution about how this could be objectively and fairly measured.

**Q10. Do you have any views on how the process could work in practice?**

There was a wide range of suggestions on what kind of measures a design incentive could use, and respondents interpreted “design” broadly to include design appearance, environmental sustainability and local authority capacity. The most common suggestions were to reward against CABE’s Building for Life criteria and/or other standards used by the Housing Corporation, for example Lifetime Homes and the Code for Sustainable Homes.

Alternative suggestions included rewarding against the production of local design policies and raising the skill base of design specialists in local authorities through reward and/or a capacity building fund.

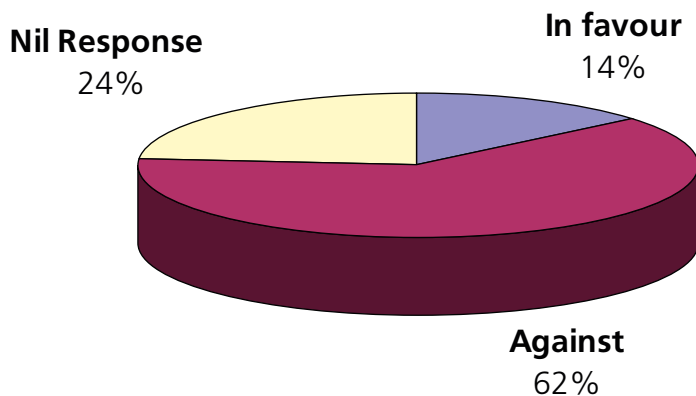
There was a consensus that Government should work with local authorities, design specialists and other interested parties to develop effective and workable design incentive criteria.

### Government Response

The Government recognises the strong level of support expressed for incentivising better design and restates its view on the high priority of good quality design. The Housing Green Paper set the aspiration for good and very good quality schemes to become the norm, and that poor quality schemes need to be eliminated. This is reflected in Planning Policy Statement 3: Housing (PPS3) which sets clear design quality criteria and requires local authorities to put in place robust local design policies. However, the Government considers that at this time an additional incentive on design within HPDG could not be achieved without a degree of complexity that could detract from the overall effectiveness of the grant.

The Government will continue to work closely with partners such as the Commission for Architecture and the Built Environment (CABE) to help ensure that stakeholders have the right skills in place to be able to deliver high quality housing, including ways of enabling local authorities to better measure design quality. We will also continue a range of other work to improve design, including through the annual Housing Design Awards, CABE's Building for Life Awards and Eco-towns design panels, as well as encouraging national design policy to be embedded in regional and local planning policy.

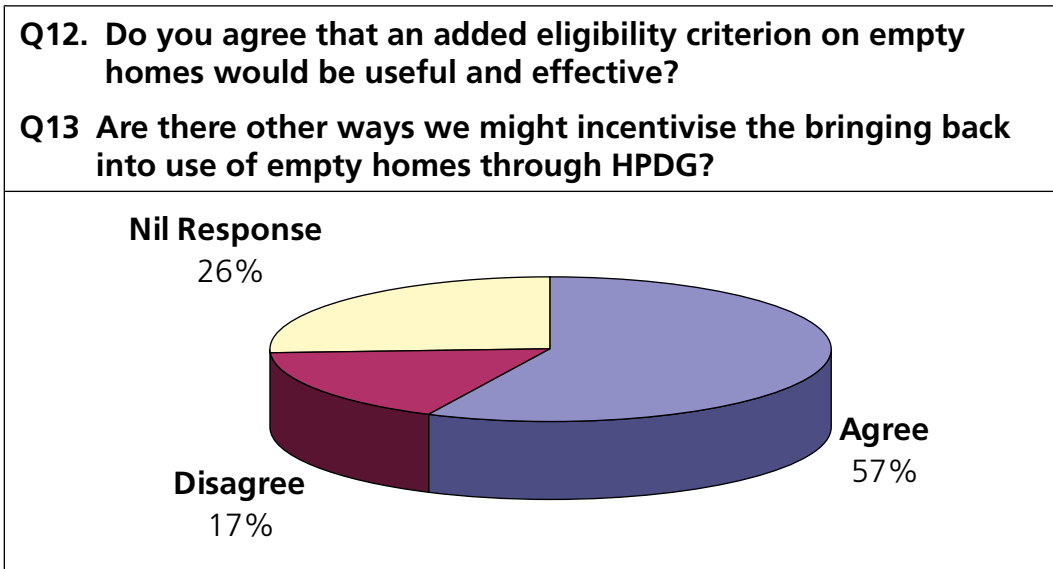
### Q11. Do you have any views as to whether Housing and Planning Delivery Grant should be incentivising delivery of family homes?



31 respondents expressed support for rewarding the delivery of family homes, compared to 136 who felt such an incentive would be inappropriate. Whilst there was widespread recognition that there is a need for more family homes in some local areas, the large majority felt that a national incentive would be too blunt to be effective and could even be counter-productive where a local area had higher delivery priorities. Most (117) respondents felt that local authorities are best placed to decide delivery priorities at the local level, as reflected in their Strategic Housing Market Assessments.

**Government Response**

The Government has decided that, in the light of the consultation responses, it would be inappropriate to specifically incentivise the provision of more family homes. Instead, the Government will use HPDG to reward the development of Strategic Housing Market Assessments. This will incentivise authorities to conduct a robust assessment of local needs, including appropriate provision of family homes tailored to local circumstances. In addition, the Government has decided that this incentive should apply to all authorities, not just authorities working jointly across administrative boundaries.



Over half of respondents (124) were in favour of including an eligibility criterion on empty homes for HPDG allocations. The rest either opposed such a criterion (38) or did not offer a view (56).

There was a consensus that bringing more empty homes back into use would be helpful in terms of addressing wider issues such as regeneration and environmental sustainability as well as providing more housing. There was a wide range of suggestions as to how an empty homes incentive might work, from rewarding the production of an empty homes strategy and offering a bonus reward for empty homes, to providing local authorities with funding to appoint dedicated empty homes officers and/or funding to offer an incentive scheme for landlords to renovate disused properties.

Those who opposed an empty homes criterion expressed the view that, as with family homes, a national reward for a particular type of home was inappropriate because local authorities should be left to decide local housing priorities. A number of authorities felt it was inappropriate to have an eligibility criterion on empty homes because this would effectively compel them to invest more resource in tackling empty homes or face losing grant, even if they had very few empty homes and therefore it was not a major local priority.

### Government Response

The Government welcomes the consensus view that bringing more empty homes back into use would be helpful in terms of addressing wider issues such as regeneration and environmental sustainability, as well as providing more housing.

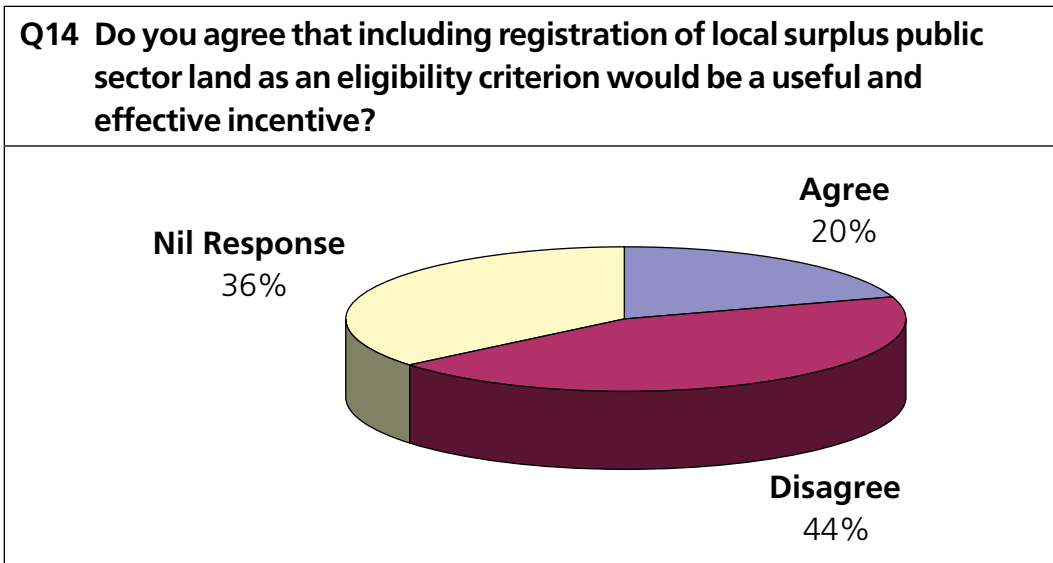
Having carefully considered respondents' suggestions on how an incentive might work we feel that, on balance, it would not be appropriate to use HPDG in this way. As a number of respondents noted, this issue is quite distinct to the provision of new houses and we believe there would be difficulties in linking them through the grant.

In particular, we recognise the view expressed by a number of local authorities that their allocations should not be dependent on them taking action on empty homes if it is not a priority in their area. We also want to avoid encouraging local authorities to deal only with straightforward empty home cases rather than others that might be more serious and challenging.

Effective tools are already available to local authorities to tackle empty homes. Local authorities have the powers of compulsory purchase and enforced sale. In addition, the Government has empowered local authorities to issue Empty Dwelling Management Orders (EDMOs) to take action on long-term empty homes. The Government has also published comprehensive guidance on dealing with empty homes.

Bringing empty properties back into use should be considered as an integral part of a local authority's housing strategy. Reflecting this, around 200 authorities have demonstrated their commitment by employing dedicated empty property officers, who have helped deliver a 12 per cent fall in the overall number of empty properties since 1997.

However, we recognise that there is still room for improvement in dealing with empty homes and we will continue to look for opportunities to ensure local communities can seek action in relation to empty properties.



Of those who responded to this question on whether to include an eligibility criterion on local surplus public sector land, opponents outnumbered supporters by around two to one. Whilst many respondents felt it was important to release public land where appropriate, particularly for affordable housing, there was a strong consensus that an eligibility criterion in HPDG would be a blunt, bureaucratic and ineffective tool. Many respondents felt it would be unfair for a local authority with a strong track record on housing delivery to be denied housing element grant simply because it did not happen to have surplus public sector land. Most felt that surplus land supply and need – for housing and other outcomes – should be best identified within the Strategic Housing Land Assessment.

**Government Response**

The Government made clear in last year’s Housing Green Paper its commitment to achieving 200,000 new homes on surplus public sector land by 2016. The Register of Surplus Public Sector Land will continue to play an important role in identifying land that is surplus to operational requirements in order to achieve this target, and to help increase the supply of land coming forward for development. We believe that local authorities have a significant part to play in contributing to the achievement of this target. However, we acknowledge the concerns raised by respondents to this specific proposal concerning use of the Register. Therefore, the Government has decided not to pursue the proposal in its current form. But we will continue to engage with local authorities to explore how we might extend the Register to include local authority land.

## Annex A

### **HPDG Allocation Mechanism Consultation: Respondents**

1. Affinity Sutton
2. Amber Valley Borough Council
3. Arun District Council
4. Ashfield District Council
5. Association of Chief Estates Surveyors & Property Managers in the Public Sector (ACES)
6. Association of Consultant Architects
7. Association of Greater Manchester Authorities
8. Aylesbury Vale District Council
9. Barnsley Metropolitan Borough Council
10. Barrow Borough Council
11. Basildon District Council
12. Basingstoke & Deane Borough Council
13. Bedford Borough Council
14. Bedfordshire County Council
15. Berkshire Authorities Joint Planning Unit
16. Berwick-Upon-Tweed Borough Council
17. Birmingham City Council
18. Blackburn with Darwen Borough Council
19. Blackpool Borough Council
20. Bolsover District Council
21. Bolton at Home
22. Bournemouth Borough Council
23. Bracknell Forest Borough Council
24. Bradford Metropolitan District Council
25. Braintree District Council
26. Brighton & Hove City Council
27. Bristol City Council
28. British Property Federation
29. Broadland District Council
30. Broads Authority
31. Broxtowe Borough Council
32. Buckinghamshire Local Authorities
33. Building & Social Housing Federation
34. Cambridge City Council
35. Cambridgeshire County Council
36. Campaign to Protect Rural England (CPRE)
37. Carlisle City Council
38. Chartered Institute of Housing

39. Chelmsford Borough Council
40. Cheltenham Borough Council
41. Chester City Council
42. Chesterfield Borough Council
43. Chichester District Council
44. Chiltern District Council
45. Chorley Borough Council
46. City of Lincoln Council
47. Colchester Borough Council
48. Commission for Architecture & the Built Environment (CABE)
49. Congleton Borough Council
50. Copeland Borough Council
51. Corby Borough Council
52. Cornwall County Council
53. Council for National Parks
54. Coventry City Council
55. Derby City Council
56. Dover District Council
57. Dudley Metropolitan Borough Council
58. Durham County Council
59. East Cambridgeshire District Council
60. East Midlands Regional Assembly
61. East Northamptonshire District Council
62. East Riding of Yorkshire Council
63. East Sussex County Council
64. Eastbourne Borough Council
65. Elevate East Lancashire
66. Elmbridge Borough Council
67. Empty Homes Agency
68. English National Park Authorities Association
69. Erewash Borough Council
70. Essex County Council
71. Exeter City Council
72. Federation of Master Builders
73. Forest Heath District Council
74. Friends of Lewes Civic Society
75. Gateshead Metropolitan Borough Council
76. Gedling Borough Council
77. Gloucester City Council
78. Greater Norwich Development Partnership
79. Greater Norwich Housing Partnership
80. Hambleton District Council
81. Hampshire County Council

82. Harlow District Council
83. Harrogate Borough Council
84. Hastings Borough Council
85. Havant Borough Council
86. High Peak Borough Council
87. Hinckley-Bosworth Borough Council
88. Hull City Council
89. Hyndburn Borough Council
90. Individual (planning professional, name withheld)
91. Institute of Historic Building Conservation
92. Kent County Council
93. Kerrier District Council
94. Kettering Borough Council
95. Knowsley Metropolitan Borough Council
96. Leeds City Council
97. Leicester City Council
98. Leicestershire County Council
99. Lewes District Council
100. Local Authorities Coordinators of Regulatory Services (LACoRS)
101. Local Government Association
102. London Borough of Barnet
103. London Borough of Bexley
104. London Borough of Bromley
105. London Borough of Camden
106. London Borough of Croydon
107. London Borough of Greenwich
108. London Borough of Hackney
109. London Borough of Hammersmith & Fulham
110. London Borough of Hillingdon
111. London Borough of Islington
112. London Borough of Lambeth
113. London Borough of Lewisham
114. London Borough of Merton
115. London Borough of Richmond-upon-Thames
116. London Borough of Southwark
117. London Borough of Sutton
118. London Borough of Tower Hamlets
119. London Councils
120. Macclesfield Borough Council
121. Maldon District Council
122. Mansfield District Council
123. Mayor of London
124. Medway Council

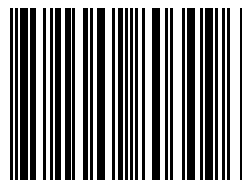
125. Melton Borough Council
126. Mendip District Council
127. Merseyside Policy Unit
128. Metropolitan Borough of St Helens
129. Mid Bedfordshire District Council
130. Mid Devon District Council
131. Middlesbrough Borough Council
132. Milton Keynes Council
133. Mole Valley District Council
134. National Association of Empty Property Practitioners
135. National Grid Property Holdings (NLP Planning)
136. National Housing Federation
137. New Forest District Council
138. Newcastle City Council
139. North Dorset District Council
140. North East Derbyshire District Council
141. North East Regional Assembly
142. North Hertfordshire District Council
143. North Lincolnshire Council
144. North London Sub-Region
145. North Norfolk District Council
146. North Northants Joint Planning Unit
147. North Shropshire District Council
148. North Tyneside Metropolitan Borough Council
149. North Warwickshire Borough Council
150. North West Regional Assembly
151. North York Moors National Park Authority
152. Northamptonshire Chief Planning Officers
153. Northamptonshire County Council
154. Northumberland County Council
155. Northumberland National Park Authority
156. Norwich City Council
157. Nottingham City Council
158. ONE North East (regional development agency)
159. Pendle Borough Council
160. Portsmouth City Council
161. Redditch Borough Council
162. Ribble Valley Borough Council
163. Rotherham Metropolitan Borough Council
164. Rugby Borough Council
165. Rushcliffe Borough Council
166. Rushmoor Borough Council
167. Rutland County Council

168. Salford City Council
169. Sandwell Metropolitan Borough Council
170. Sefton District Council
171. Sevenoaks District Council
172. Sheffield City Council
173. South Buckinghamshire District Council
174. South Cambridgeshire District Council
175. South Hams District Council
176. South Holland District Council
177. South Northamptonshire District Council
178. South Somerset District Council
179. South Staffordshire District Council
180. South Worcestershire Joint Core Strategy
181. Southend on Sea Borough Council
182. Spelthorne District Council
183. Staffordshire & Stoke on Trent Planning Forum
184. Staffordshire Moorlands District Council
185. Stoke on Trent City Council
186. Stratford Upon Avon District Council
187. Sunderland City Council
188. Swale Borough Council
189. Swindon Borough Council
190. Tamworth Borough Council
191. Tandridge District Council
192. Taunton Deane Borough Council
193. Tees Valley Authorities
194. Tendring District Council
195. The Law Society
196. The Planning Officers Society
197. The Royal Institute of British Architects (RIBA)
198. The Royal Society for the Protection of Birds (RSPB)
199. The Royal Town Planning Institute (RTPI)
200. Thurrock Borough Council
201. Tonbridge & Malling Borough Council
202. Torbay Borough Council
203. Town and Country Planning Association (TCPA)
204. Transform South Yorkshire
205. Tunbridge Wells Borough Council
206. Uttlesford District Council
207. Vale of the White Horse District Council
208. Wakefield Metropolitan District Council
209. Warrington Borough Council
210. Warwickshire County Council

211. Watford Borough Council
212. Waverley Borough Council
213. Wealden District Council
214. West Devon Borough Council
215. West Lancashire District Council
216. West Midlands Local Authorities' Chief Engineers & Planning Officers'  
Support Group (CEPOG)
217. Westminster City Council
218. Weymouth & Portland Borough Council
219. Wigan Metropolitan Borough Council
220. Winchester City Council
221. Windsor & Maidenhead, Royal Borough Council
222. Wirral Metropolitan Borough Council
223. Woking Borough Council
224. Wokingham District Council
225. Wycombe District Council
226. Wyre Borough Council
227. Wyre Forest District Council
228. Yorkshire & Humber Housing Forum
229. Yorkshire & Humber Regional Assembly
230. Yorkshire Rural Community Council

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