



TECHNICAL CONSULTATION ON UPDATES TO NATIONAL PLANNING POLICY AND GUIDANCE (October 2018)

Housing need assessment, land supply etc..

Response by Smart Growth UK

December 2018

Local Housing Need Assessment

Question 1 *Do you agree that planning practice guidance should be amended to specify that 2014-based projections will provide the demographic baseline for the standard method for a time limited period?*

No.

The NPPG should no longer use the 2014 projections.

Paragraph 3 of the consultation paper says "A key aim of these reforms is to ensure local planning authorities plan for the right homes in the right places, in an open, transparent and sustainable way". We agree with that aim and the paper must be judged by that standard. Sadly, it is clear that the proposals, however, do nothing to secure that end.

The Government appears to have become obsessed with raw numbers of homes, which is plainly not a sustainable approach given that different tenures, different parts of the country, different age groups etc. all require very different numbers of homes in terms of types, tenures and locations.

As paragraph 25 notes: "The Government notes that the number of homes delivered through the standard methodology is lower than its aspirations for 300,000 homes." This is confirmation that, even with the intricate fixes proposed in the previous paragraphs, the Government is still unable to make the desired 300,000 figure stick and the proposed approach is essentially invalid.

The proposed approach would not result in any more homes being built. It would, however, (a) result in even more inappropriate land being released profitably for housing and (b) the whole planning system being brought into disrepute. If it becomes clear that HM Government is deliberately trying to manipulate figures to produce excess numbers of houses, with environmentally destructive results, it will further damage public respect and support for planning which has been steadily eroded over the past 15 years.

The raw numbers philosophy, unmediated by other criteria, would continue to ensure the Government's objectives in Paragraph 2 "to meet the diverse needs of our communities, such as homes for first time buyers, homes suitable for older people, high quality rental properties and well-designed social housing" remain unmet. To achieve the raw numbers demanded over the past six years, local planning authorities have been forced to give little priority to housing need issues and instead meet the demands of developers, demands which have resulted in an excess of high-end market homes in relation to our actual housing needs.

Nor would this numbers game have any discernible effect on house prices (Paragraph 4) as any price effect of the small percentage of the total stock delivered in any locality is almost always lost within the noise of the market. It's worth noting, however, that the much cited problem of a rapid rise in young adults living with their parents is exaggerated. As the latest ONS statisticsⁱ note, the proportion of 20-34 year olds doing this has only risen from 21% to 26% over the past 21 years and the number has been static since 2013. It is also quite deplorable that home ownership is the only aspect of affordability cited here.

We are also seriously concerned that pressure has been put on the ONS (Paragraph 5), hitherto regarded as above party politics, to provide justification for Government policy. ONS deputy director Rich Pereira's blogⁱⁱ notes that: "Although the latest household projections are lower than the previously published projections, this does not directly mean that fewer houses are needed in the future than thought".

This is not a matter for ONS to comment on in a blog at all. It shows political pressure has, quite improperly, been brought to bear.

Paragraph 9 clearly admits that the Government intended to consider its housing need standard method in response to new household projections but that, whatever the projections said, the aggregate would still be 300,000/y. It is this sort of manipulation, designed to meet obsolete and long-discredited Treasury beliefs about the effect of house building on house prices, that has brought planning into disrepute. This paper takes the process to new depths.

As paragraph 10 admits, household projections have dropped by almost 20%, a massive change, yet the Government says: "It has decided it is not right to change its aspirations", pretty much confirming they have little or no ground in reality.

The key weaknesses in the Government's argument are revealed within its discussion of households in Paragraph 11(1). This says, correctly, that "household projections are constrained by housing supply" but fails to note the inter-dependency is a complex one and the relationship by no means a simple linear one. As Mr Pereira noted: "household projections are not a measure of how many houses would need to be built to meet housing demand; they show what would happen if past trends in actual household formation continue".

"Households" are (for these purposes) complicated things, currently defined as "one person living alone, or a group of people (not necessarily related) living at the same address who share cooking facilities and share a living room, sitting room or dining area". So 10 students sharing a house, including its kitchen, are one household, but become 10 households if it's converted to bedsits with their own kitchenettes, none of which has anything to do with house building.

The relationship between the very different kinds of households – which will include student halls of residence, residential and nursing homes – and the actual complexities and needs of the different sections of society, make simplistic projections of raw numbers of homes needed utterly pointless. Given that over 70% of the growth in households is projected to be in the over-70 age groupⁱⁱⁱ and that most of the rest of the growth is in single-person households, it is plain that a house building policy based on building raw numbers of homes which generates single-family homes as the vast majority of its output is fundamentally flawed. The wrong homes in the wrong places, in fact, the opposite of the Government's professed policy.

The contention in Paragraph 11(2) that “under-supply” will have resulted in pent-up demand is simplistic in the extreme. Many processes are at work, especially over a period as long as 18 years which is cited. An ageing population, for instance, is likely to see a sharp rise in people living in residential homes, reducing the number of households. In- and out-migration over such a long period is also likely to significantly affect demand for different types of home. As the inward migration is likely to involve a significant proportion of poorer itinerant workers who are most unlikely to aspire to their own home but who are likely to share accommodation, there is another factor in play. In some cases housing shortages may prompt employers and employees to relocate to other parts of the country, etc.. This paragraph, as it stands without very considerable further analysis, is untenable.

Paragraph 11(3) fails to define what is meant by “demand” here and hence is meaningless.

Paragraph 11(4) claims a decline in “affordability” is solely due to “under-supply of new homes”. This is astonishingly simplistic. Other factors involved include incomes, employment levels, internal migration, economic performance, mortgage lending, proportion of the market housing stock moving to private rented, the influx of foreign money into the London market, second homes etc.. To claim it is simply due to levels of building is an insult to everyone’s intelligence. Indeed, Paragraph 12 then goes on to specify several of these issues as contributors to demand, though not apparently affordability.

Paragraph 13 clearly demonstrates the political pressure that has been applied to ONS.

Paragraphs 14-15 simply set out how the Government intends to impose its figures on local planning authorities and warns that the Planning Inspectorate will be used to impose them on councils that attempt to exercise any local democratic right.

We can only take issue with statements such as “most external commentators” in Paragraph 16. This is false; the Government is simply cherry-picking views it finds sympathetic. Has it seriously counted the number of people in England who agree or disagree with its methodology?

The rest of Paragraphs 16-25 simply reiterates that the Government intends to impose its baseless methodology, whether anyone likes it or not, which is a bit surprising in what does at least purport to be a consultation paper.

So, in answer to Question 1, we do not agree the 2014-based projections provide a valid basis for any methodology at all.

Clarifying that 2016-based projections are not a justification for lower housing need

***Question 2** Do you agree with the proposed approach to not allowing 2016-based household projections to be used as a reason to justify lower housing need?*

No.

We do not agree with this for the reasons set out in response to Question 1.

Applying the cap to spatial development strategies

***Question 3** Do you agree with the proposed approach to applying the cap to spatial development strategies?*

No comment.

Housing land supply

Question 4 *Do you agree with the proposed clarifications to footnote 37 and the glossary definition of local housing need?*

No.

There is very considerable concern at the whole suite of policies relating to housing “need” which go far beyond the minor changes proposed.

It’s worth reiterating, however, that the policy is supposed to secure “the right homes in the right places”. The endless Government parroting of headline building numbers is exacerbating the problems caused by lack of advice in the NPPF or NPPG on moving from the standard method figure to a local plan housing requirement that accounts for Footnote 6 land. Combine that with a housing delivery test which achieves nothing other than the enrichment of land owners and developers at the expense of the environment, and you have a recipe for bad planning.

This provides no help in getting the right homes in the right places; on the contrary, it results in the wrong type of homes in the wrong places. We judge this against the Smart Growth principles which demand a series of sustainability measures in the location and type of housing, including appropriate densities, brownfield-first, proximity to public transport networks (normally rail-based), suitability for active travel, protection of biodiversity, heritage, natural capital and ecosystem services. By excluding these vital sustainability criteria and concentrating on the numbers game which results from current policies, the result is a failure either to address housing need or to respect the vital needs of the environment.

The definition of deliverable

Question 5 *Do you agree with the proposed clarification to the glossary definition of deliverable?*

No.

We strongly object to this.

The wording of the deliverability definition is cynically designed to militate against brownfield land. Brownfield sites requiring extensive reclamation or remediation may well not be “available now” and some forms of, for instance, phytoremediation or knotweed elimination, may militate against their deliverability within five years. Yet they are very likely to provide a far more sustainable contribution to the needs of housing land in the medium term than the high biodiversity or ecosystem service sites given overwhelming priority by current policy.

Part (b) of the definition might as well be reworded to something like “brownfield sites requiring any reclamation or remediation should not be considered deliverable for housing”. That would at least be an honest statement of the Ministry’s intentions.

We recommend the whole basis of housing land allocation be revised along Smart Growth lines.

References

ⁱ *Families and Households: 2017* [Office for National Statistics, November 2017]

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2017>

ⁱⁱ What Our Household Projections Really Show [Office for National Statistics, October 2018]

<https://blog.ons.gov.uk/2018/10/19/what-our-household-projections-really-show/>

ⁱⁱⁱ *Household Projections for England – Household Type Projections: 2016-based* [Office for National Statistics, 2018]

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/bulletins/2016basedhouseholdprojectionsinengland/2016based>