

AJC/Town Planning

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By email: technicalplanningconsultation@communities.gov.uk

Dear Sir/Madam

Changes to the Current Planning System: Consultation on Changes to Planning Policy and Regulations: August 2020

I write in response to the consultation exercise on behalf of Rapleys LLP, a property and planning partnership operating from six regional offices across England. These comments are not submitted on behalf of any specific client interests; they are informed by the views of the eight planning partners, upon whose behalf these comments are made, and in particular by the professional opinion of the under-signed, a practitioner with more than twenty-five years' experience as a professional planner in the public and private sectors.

This submission addresses the first seven questions posed within the consultation document in the order that the questions are raised. Rapleys will also be making submissions to the Planning White Paper consultation under separate cover.

Q1: Do you agree that planning practice guidance should be amended to specify that the appropriate baseline for the standard method is whichever is the higher of the level of 0.5% of housing stock in each local authority area OR the latest household projections averaged over a 10-year period?

There is clear merit in revisiting and amending the standard methodology so that it is fit for purpose and therefore effective in responding to the significant challenge of delivering the homes that are needed to address the crisis in housing supply that has been affecting the country for a protracted period.

There are two critical factors that should underpin any changes:

A national housing target should be set and should be adhered to; it is not enough to express an aspiration, or an ambition and to simply roll that forward when there is system failure (kicking the can down the road). Adequate housing supply remains a recurrent problem and there is a widespread consensus amongst politicians, industry experts, housing practitioners and the public in general that we do not build enough houses to meet demand. There is debate and much conjecture about the type of housing that is provided and whether it is suitable in terms of size and tenure, but there is little disagreement that supply is falling short.

The Government has stated that 300,000 new homes should be delivered annually. This should be a national minimum target and a fundamental objective of Government policy. It should no longer be an aspiration; it should be a firm policy commitment – a KPI against which the Government can be judged.

Having set the figure there must be resolve and determination within Government that it should be attained consistently year on year and, consequently, no abdication of responsibility regarding any failure to achieve it. Therefore, the national target and the distribution of it should be mandated by Government. While there has been a rejection of so-called top-down planning by successive Governments since 2010, counterbalanced by a rise in the concept of local determination and devolved accountability, this has not solved the housing crisis.

The belief there would be local support for housebuilding if communities benefited directly through the funding of local infrastructure via S106 agreements and the New Homes Bonus has failed; there has been no wholesale change in attitude towards development. As recognised in the White Paper there is general antipathy towards housebuilding at the local level and too often Local Plan preparation is focussed on manipulating housing targets down rather than working towards improving access to housing for all. At the core of changes to the Planning System should be a nationally prescribed housing target statutorily distributed across the country via an appropriate strategic tier of plan-making and all policy should flow from this.

In this context any question pertaining to the methodology should focus on outcomes rather than process; the immutable indicator should be persistent achievement of 300,000 new homes per annum. This must be the starting point for the methodology and any changes that are necessary to deliver the homes that are needed.

Acknowledging that a national crisis of housing delivery has prevailed for years and across successive Governments means that a determined break with the past is needed. The White Paper signals clearly that change is to be far-reaching and fundamental; at its heart should be a purposive drive to increase housing supply.

The first change to the methodology therefore should be removal of any reliance on housing projections as an appropriate measure of future need. Household projections are fundamentally a reflection of past tendencies relating to household formation, and so merely project into the future the failures of the past. While factors such as population change and net migration inform the projections, they are essentially trend based. Consequently, they are primarily the product of the capacity of a population to form households over a given period. If that capacity is constrained by problems relating to affordability stemming from a lack of supply, the use of projections to determine future targets means that constraints are embedded, and a downward spiral will result. Far from arresting the housing crisis, the use of projections to establish the baseline requirement perpetuates it. It is vital that any revised methodology abandons the use of projections and utilises appropriate metrics that support sustainable, proportionate expansion of housing supply.

The use of housing stock as an appropriate baseline for determining housing requirements is supported. Existing stock provides long-term historical context for housing provision; it reflects what is there on the ground and is relatable; it also means that any increase proposed is proportionate.

Existing housing stock should be used as the baseline starting point in favour of household projections.

The question of what proportion of existing stock should be used is less clear, and it is here that policy decisions are required. According to the ONS in the most recent year of data capture the housing stock in England increased by approximately 1% (around 240,000 new homes); to achieve the Government's ambition of 300,000 homes per annum it needs to expand by around 1.23% annually. A blanket application of 1.23% growth within every planning authority area would be too crude an approach, therefore an appropriate starting point needs to be determined, following on from which adjustment can be made to reflect issues relating to affordability and dwelling stock relative to employment.

The consultation¹ proposes that 0.5% of existing stock is a suitable jumping-off point; this is only around 40% of what is needed and only 50% of the number of new homes built last year. No explanation is offered other than avoiding a disproportionate emphasis on existing stock levels. For the reasons set out above (proportionality/relatability) it is contended that this is not suitably ambitious; if recent data confirms that 1% growth has been achieved it would make sense to start at a point closer to this. A point midway between the consultation proposal and the most recent data for completions (0.75%) would therefore seem equally suitable.

A second step in establishing the baseline is appropriate to ensure that growth is targeted towards areas with the greatest propensity to support sustainable growth. In the interests of supporting economic buoyancy, reducing travel demand/supporting sustainable travel, and supporting economic clustering it would be appropriate to introduce an economic indicator into the baseline. Again, the use of projections carries risk and uncertainty and for reasons similar to those set out above, should be avoided. Taking a consistent line, it would be reasonable to use jobs density as an appropriate metric, because this reflects existing circumstances and would direct growth towards areas where rates of economic activity are higher and demand for housing is likely to be greater. This is not a 'policy-on' factor, it is a further adjustment to reflect existing patterns of behaviour.

An adjustment to the starting point is warranted if this approach is adopted: Existing data indicates that for England and for the UK as a whole, the working age population² (the metric used to determine the jobs density figure in any location) tends on average to see a participation rate (economic activity) of circa 80%. This would suggest, in very simple terms, that anywhere that has a job density figure above 0.8 has more jobs available than economically active workers, and therefore an 'imbalance' between homes and jobs. Adding an adjustment based on jobs density where the figure exceeds 0.8 would therefore support a levelling up of homes and jobs based on prevailing conditions. Applying this approach would require the jobs density figure to be used instead in locations where it exceeds 0.8. If this approach is taken it would be appropriate to raise the housing stock factor to 0.8%, so that there is a consistent approach taken, with the 'raised' baseline applied only where an 'imbalance' between homes and jobs arises.

This approach would focus on existing conditions and would establish a credible starting point reflecting existing housing stock and levels of economic activity; both of which have the vital quality of being relatable and proportionate and politically sensible.

The application of this approach across all English planning authority areas would result in a significant uplift in the number of new homes, taking the overall figure to around 462,000. However, the figures are skewed significantly by an unadjusted application of the approach to London (158,230), which is an entirely different proposition considering affordability generally and jobs density in several Boroughs. The long-established employment hub status of the capital also means that the rationale for balancing homes and jobs and the practicality of doing so is very different to other locations.

Consequently, for London the methodology should be adjusted in recognition of the challenges of delivering a significant uplift in housing delivery. Here the baseline should simply be 0.8% of dwelling stock with an adjustment to reflect affordability using the formula within the existing standard methodology. Based on 0.8% of dwelling stock forming the baseline the housing figure across London would sit just below 49,000 dwellings per annum. These figures are more realistic targets taking into consideration past-performance, which has peaked at just under 40,000 dwellings, and would also represent a 22.5% increase on the highest level of housing delivery achieved annually to date.

¹ Changes to the Current Planning System: Consultation (MHCLG) August 2020. Paragraph 26.

² 16-64

Adopting this approach would produce a housing need figure of circa 303,000 for England outside London, and therefore a total of around 352,000 for the country overall.

Q2: In the stock element of the baseline, do you agree that 0.5% of existing stock for the standard method is appropriate? If not, please explain why.

No - see answer to Q.1 above.

Q3: Do you agree that using the workplace-based median house price to median earnings ratio from the most recent year for which data is available to adjust the standard method's baseline is appropriate? If not, please explain why.

Yes, the workplace-based median house price figure is the appropriate ratio because it considers the price of housing directly against earnings in any given area, which is the appropriate comparison in pursuit of fostering sustainable patterns of growth. To achieve a more affordable and balanced relationship between house prices and earnings it is vital that the cost of housing in 'location A' is compared to the level of earnings in 'location A' to determine how affordable that location is for those working there. If housing is unaffordable workers will either be unable to fulfil their housing demand in situ, resulting in the suppression of household formation and an increase in housing need, or will seek housing that is affordable to them in locations further afield resulting in extended commuting distances and less sustainable patterns of development.

Q4: Do you agree that incorporating an adjustment for the change of affordability over 10 years is a positive way to look at whether affordability has improved? If not, please explain why.

It is important to consider the trajectory of affordability over the medium term to determine whether further targeted intervention is necessary to help address affordability problems. A further adjustment to the methodology to reflect this is broadly welcomed.

However, as set out above uniform application of this second-step creates a result in London that dramatically skews the figures and produces an outcome that has no realistic prospect of being achieved. Across the 33 Boroughs affordability has declined by an average factor of approximately 6.5 in the period 2009-2019, with the multiplier now being an average of 15.35 times income. As explained above an adjustment for affordability is important, but in the case of London this should remain as currently exists within the Standard Methodology to produce figures that offer a realistic prospect of being achieved across the Capital as a whole.

Q5: Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.

A critical factor contributing to the housing crisis that has prevailed for at least the last ten years is affordability. Increasing housing supply *per se* is central to tackling the affordability of housing and therefore it is vitally important that in areas where the price of housing significantly exceeds median earnings that growth is supported through the incorporation of a positive bias in favour of development. The adjustment is reasonable and proportionate in the form now proposed and is supported, subject to the proposals outlined above.

However, the value of adjusting positively in this manner must not be undermined when the methodology is applied centrally via the forthcoming White Paper reforms through the application of multiple policy-on constraints that serve to erode housing need figures until the requirement that results is rendered impotent as an effective tool to arrest the housing crisis.

As set out above in response to Question 1 the Government must establish housing delivery – the construction of new homes for people – as a policy priority and should set about shifting perceptions that adversely affect public attitudes towards housing growth. Far from being targets to be opposed and railed against the public at large should view a national ambition to extend access to housing for all as a grand and laudable policy objective, which aligns with the protection of basic human rights³. Placed at the heart of planning reforms it must now be ensured that policy restrictions that constrain necessary levels of sustainably located housing growth, such as the often anachronistic insistence on protection of Green Belt, do not inhibit the potential to deliver sustainable and effective housing policy solutions.

Do you agree that authorities should be planning having regard to their revised standard method need figure, from the publication date of the revised guidance, with the exception of:

Q6: Authorities which are already at the second stage of the strategic plan consultation process (Regulation 19), which should be given 6 months to submit their plan to the Planning Inspectorate for examination?

The Government has made great play of the fact that the planning system is both too unwieldy and slow, and these factors contribute to a lack of certainty and undermine public confidence in the system. The Government gave notice of the revised methodology in August 2020 with a clear indication that the new figures would be introduced before the end of 2020. Authorities have had sufficient time to anticipate a changed plan-making context prior to the introduction of the revised methodology.

The revised methodology will in most cases increase housing requirements, but this does not need to necessitate a lengthy pause in plan-making for those authorities that have reached the formal consultation stage. If evidence gathering has been thorough and options properly examined the evidence base underpinning each plan will include sites that were brought forward during the initial consultation stages that could support further growth if required and which could be readily incorporated into the Plan. Further consultation would be required to meet the Regulations, but there is no reason why this could not be achieved within a period of 3-months.

Q7: Authorities close to publishing their second stage consultation (Regulation 19), which should be given 3 months from the publication date of the revised guidance to publish their Regulation 19 plan, and a further 6 months to submit their plan to the Planning Inspectorate?

See answer to question 6 above. Where authorities have yet to publish a Regulation 19 Plan it is more likely that adjustments and revisions could be made within the period indicated in response to Question 6. There is no justification for a further extension.

Yours faithfully,

Tony Clements

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³ <https://www.law.ox.ac.uk/housing-after-grenfell/blog/2019/02/human-right-housing>