

**MHCLG consultation 'Changes to the current planning system'-
consultation on changes to planning policy and regulations**

6 August 2020

Questions on the proposed changes on the standard method for assessing housing numbers and the Council's draft response:

Question

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?*

Response

Yes, the baseline for the calculation will need to be clarified in the guidance if it is changed. The guidance should signpost to data that is to be used (as it does at the moment). It will also be useful if the calculations for each Local Authority Area is published. Whilst it is appreciated that the numbers may vary slightly year on year (when the input data changes or is updated), the formula by itself can be confusing to the end user and it would be useful to have a specific figure published alongside the formula to avoid any confusion or misinterpretation.

This Council raises strong objections to the revised standard methodology which proposes two potentially different baselines as a starting point for the calculation. This is somewhat perverse, a baseline is usually a starting point, where all things are equal. The revised method is suggesting that the highest of the two would form the 'basis' for the calculation. Whilst this could be seen as being extra thorough, it can also appear as 'cherry picking' what best suits government aspirations to increase housing delivery.

This is not to say that the logic of comparing the growth against existing stock is flawed. Estimating future growth against the existing housing stock makes sense and is simple to understand. However in offering this alternative baseline, is it implying that the household projections are not good enough to be relied on as a single baseline. The statement in paragraph 20 states that introducing the alternative baseline based on housing stock offers '*stability and predictability which has been absent when solely relying on household projections*' and then goes on to say that household projections are '*still the most robust estimates of future trends*'. There is somewhat of a contradiction. If they are the most robust data, why have an alternative baseline? Household projections are based on trends and mathematical modelling that takes into account various factors, the housing stock gives an idea of the current landscape. It would make more sense to have a single baseline that combines the two rather than taking the higher of the two.

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.

The percentage of 0.5% is explained in the consultation paper. In 2018-2019 housing delivery represented 1% of the overall housing stock in the Country. 0.5% is said to represent '*a basic level of increase in all areas without putting a disproportionate emphasis on existing stock levels*'- it is not understood what this means- but presumably not all areas will experience a 1% increase and the 0.5% is the average taking any outliers aside and it is therefore a more realistic increase that has been experienced in most areas. If this is the case, the 0.5% would appear appropriate.

Aside from this, the calculation demonstrates that this is the average growth that has been delivered historically and realistically what should be expected, there about, in the future.

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.

Response

The data is signposted in the guidance which is useful however this is somewhat of an unfair and overly technical question to ask. I doubt most of your readers will understand what this is.

It is understood that this data reflects the affordability of houses in an area, the least affordable areas will have a higher 'ratio' figure. Therefore any areas in the South East are likely to have a high 'ratio' which when used to calculate the 'adjustment factor' and then applied to the baseline data, will inflate the numbers significantly.

Based on this new calculation, the calculation for Epsom & Ewell Borough takes the baseline (which will be 0.5% housing stock figure 162.83 per annum) by an adjustment factor (3.71), therefore multiplying the average growth by almost 4 times, making the overall figure 604 dwellings per annum. This is more than the current challenging standard method figure of 579 and seems rather at odds in the context of household projections that are demonstrating a dramatic fall in the 2016 and 2018 household projections. This is simply not a realistic or achievable figure.

The formula attempts to combine population demographics with economics. It appears to be looking to increase housing delivery to affect affordability. It is a mathematical calculation that does not take into account the physical constraints of an area.

Epsom and Ewell Borough Council is concerned that the absolute nature of the application of the formula does not allow room for any consideration of the physical constraints in an area.

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.

Response

The adjustment factor has changed to incorporate an additional element. So where it was previously adjusted by a single ratio, the formula now includes the use of a ratio for the current year and the difference in the ratio over ten years. It would appear more reasonable to apply either of the ratios rather than both, this appears to be peculiar change with no clear reason except to inflate numbers.

In simple mathematics, adding this other element into the formula in most cases inflates the numbers. For example for Epsom & Ewell Borough it has doubled the adjustment factor, where the adjustment factor is currently 1.77 in the existing standard method, it is 3.71 in the proposed revised formula. So instead of almost doubling the baseline, it will be required to almost quadruple it. It just appears to be a manipulation of numbers to simply inflate the numbers. Notwithstanding this, there is no longer a cap to level off any unreasonable uplift created by the adjustment.

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

Response

The Council does not agree that affordability has been given the appropriate weighting and objects to the weighting being proposed.

Based on the revised standard method calculation of need, Epsom & Ewell Borough's Housing need would be 604 dwellings per annum, 163 dwellings per annum of this is derived from and represents average growth in the Borough, where the application of the affordability adjustment factor represents 440 dwellings per annum (in percentages 27% of the revised housing figure would represent average growth and 73% the uplift based on affordability adjustment factor). This clearly demonstrates that the weighting toward affordability is disproportionate. Notwithstanding this, there is no longer a cap applied to prevent unusually large uplifts created by the adjustment.

The Council is not downplaying that there are clear affordability issues in certain areas, however it would disagree that the solution is to simply inflate housing numbers for these areas to improve affordability and penalising authorities that can't achieve what it considers to be unreasonable targets. It requires a more sophisticated, joined up strategy to deal with affordability

issues in the housing market. It is not a one dimensional problem that Planning alone can resolve.

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?

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? If not, please explain why. Are there particular circumstances which need to be catered for?

Response

The change in the housing need for an area has the potential to have significant implications for Local Plans currently under review or draft Local plans being prepared. There must be transitional arrangements put in place for when the revised method is applied.

This Council questions whether a six month period for those at Reg19 or a nine month for those close to Reg 19 is sufficient. In normal circumstances the transitional arrangements may be more realistic however we are currently in an exceptional situation with the Coronavirus pandemic which has had a significant impact on planning services (and Local authorities generally). It has affected resources and day to day working, as well as having a significant impact on the wider economy- which will affect a number of the evidence bases that support most existing plans.

In addition the proposed planning reforms (part of a separate consultation published at the same time of this consultation paper) where the Government is proposing significant reforms in the Planning system as a whole, will play into the consideration of authorities whether to continue with existing plans. Plans coming forward in the transitional period will likely be outdated from the outset and will as a consequence need to be reviewed immediately.

This gives rise to the further question as to what authorities that are not at these stages should do. Should we work towards a revised standard method number that is likely to change when the Planning Reforms come into place and the new 'binding' housing number is introduced, which we are advised will take into account local constraints? This creates an extremely difficult position that many authorities, including Epsom and Ewell will be in with forward planning with the unrelenting wave of changes being proposed. It is to be expected that many draft Local Plans will now be stalled.