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CPRE Sussex response, submitted on-line 5 December 2018, to:

Ministry of Housing, Communities & Local Government:
'Technical consultation on updates to national planning policy and guidance'
(Consultation closes 11.45pm Friday 7 December 2018)

Local housing need assessment: Revising the standard method for assessing housing need to be consistent with increasing housing supply

Q1: 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?

CPRE Sussex does NOT 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, for the following reasons explained below.

1. 'Planning for the right homes in the right places: consultation proposals', DCLG, September 2017, states that

"We consider that the starting point should continue to be projections of future household growth in each area, but calculated initially for the area of the local authority. This will ensure that the process begins with a clear assessment of housing growth for every area. The Office for National Statistics' projections for numbers of households in each local authority are the most robust estimates of future growth" (paragraph 16).

1.1 Similarly, the Guidance 'Housing Housing need assessment', updated 13 September 2018, explains that the Office for National Statistics' household projections are used as the baseline for the standard method, because

"Using household projections as the baseline ensures that the process begins with a clear and transparent assessment of anticipated household growth for every area. The Office for National Statistics' projections for numbers of households in each local authority are the most robust estimates of future household growth" (Paragraph: 005 Reference ID: 2a-005-20180913).

1.2 Accordingly, it is our view that to ensure that the evidence base is robust (e.g. 'Planning for the right homes in the right places', paragraph 47) the 2016-based projections should be used, not the out-of-date 2014-based projections, because they are the most recent and therefore up-to-date projections.

2. CPRE Sussex questions the Government's implicit presumption that the new method employed by the ONS, to determine the 2016-based household projections is flawed – because the resulting projections were lower than those produced by the 2014-based projections and did not match the Government's own narrative and expectations.

2.1 We note, too, the Question 1 caveat that the proposed use of the 2014-based projections would be for 'a time- limited period', presumably until the 2018-based projections are published.

2.2 Presumably usage of the 2018-based projections would be dependant on their forecasting a projected increase in households greater than that forecast by the 2014-based projections – and doubtless, if this were not to be the case the 2018-based projections would be discarded, too. Objective this is not.

Q2: 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?

CPRE Sussex does NOT agree with the proposed approach - of not allowing the 2016-based household projections to be used as a reason to justify lower housing need – and the use of the out-of-date 2014-based figures in their place. Our reasons for not agreeing are explained in our answer to Question 1.

In addition, note, please, that it is CPRE Sussex's view that the formula-based method, which the Government now wishes to rig in order to achieve their required build-rate of 300,000 new homes per year, is over simplistic and is unlikely to result in a significant increase in the delivery of new homes, in particular homes that are truly affordable, including social renters, for the reasons explained below.

1. Housing delivery rates are dependent on the health of the wider economy, as is acknowledged in the House of Commons Committee of Public Accounts' report: 'Housing: State of the Nation', 24 Apr 17.

2. Note, too, the Royal Institute of Chartered Surveyors (RICS):Q3 2017 RICS 'UK Construction and Infrastructure Market Survey', 16 Nov 17, and their findings that: *"the intensification of labour shortages is biting once more in the quarter with 62% of contributors citing this as an impediment to growth.. And that "financial constraints are still reported to pose the most significant challenge . Access to bank finance and credit remains by far the most frequently cited issue, followed by cash flow and liquidity. This likely reflects a more cautious stance by banks given cyclical market conditions and Brexit considerations.*

3. The formula-based method and the intended 300,000 new homes per year target takes no account of growing economic uncertainties and the reducing-ability of people to buy new homes, and consequent impact on sales and build-out rates

3.1. For example, Crest Nicholson, in its 'Pre Close Trading Update', issued 17 October 2018, advises that it ***"is pausing its growth ambitions to align with current market conditions, slowing down build rates and reducing land expenditure"***.

3.2 Note the House of Commons Communities and Local Government Committee report, 'Capacity in the homebuilding industry', 29Apr17, found that to recover their investment, developers will be more likely *"to build more slowly to maintain prices"*. This reinforces the findings of a report by Civitas, 'Planning approvals vs Housebuilding activity, 2006-2015', that house-builders and developers are hoarding permissions in order to push-up house prices.

4. Neither does the formula-based method take in to account the reality that local planning authorities (LPAs) allocate sites, they do not build houses and developers will not build more homes than can be sold at an acceptable-to-them profit. – and LPAs are not empowered to compel developers and house-builders to meet targets and housing-supply requirements

4.1 It is CPRE Sussex's view that it is inequitable and morally indefensible for LPAs to be held to account and blamed by the Government when developers fail to build houses in numbers sufficient to meet annual targets and 5year requirements - and where councils fail the Housing Delivery Test.

4.2 According to the Local Government Association: "More than 423,000 homes with planning permission waiting to be built", February 2018: *"In 2015/16, the total number of unimplemented planning permissions in England and Wales was 365,146, rising to 423,544 in 2016/17. The figures also show that developers are taking longer to build new homes. It now takes 40 months, on average, from schemes receiving planning permission to building work being completed – eight months longer than in 2013/14. The planning system is not a barrier to building. Councils are approving nine in every 10 planning applications, and granted planning permission in 2016/17 for 321,202 new homes - up from 204,989 new homes in 2015/16"*.
www.local.gov.uk/about/news/more-423000-homes-planning-permission-waiting-be-built

5. CPRE Sussex is very concerned that neither the NPPF nor the Guidance take account of the House of Lords Select Committee on Economic Affairs finding that *"To achieve its target, the Government must recognise the inability of the private sector, as currently incentivised, to build the number of houses needed"* (House of Lords Select Committee on Economic Affairs in their 1st Report of Session 2016/17: 'Building more homes', 15 July 2016, paragraph 85).

6. CPRE Sussex is very concerned, too, that neither the NPPF, nor the Guidance, nor the requirement for at least 300,000 new homes per year, nor the present consultation recognises and takes in to account the inability of house-builders to deliver 300,000 new homes per year.

6.1 This inability is recognised by Sir Oliver Letwin in his 'Independent review of Build Out, Final Report', October 2018, under the heading 'Other potential constraints' (paragraphs 1.9, 1.10 and 1.11). At paragraph 1.11 he states:

"On the availability of skilled labour, my conclusion was that an insufficient supply of bricklayers would be a binding constraint in the immediate future if there was not either a substantial move away from brick-built homes, or a significant import of more skilled bricklayers from abroad, or an implausibly rapid move to modular construction techniques. I concluded that the only realistic method of filling the gap in the number of bricklayers required to raise annual production of new homes from about 220,000 to about 300,000 in the near-term, was for the Government and major house builders to work together on a five year "flash" programme of on-the-job training".

6.2 It is CPRE Sussex's view that this substantial constraint should be taken in to account by legislators and decision-takers, and the presumption in favour of development should not be invoked and applied where annual targets and five year requirements are not met and where Councils fail the Housing Delivery Test in consequence.

7. Moreover, whether implementation of the measures recommended by Sir Oliver Letwin in his 'Independent review of Build Out, Final Report'. October 2018, would, if adopted, result in a significant increase in build-out and completions have yet to be tested – and the measures have yet to be adopted by the Government.

Dr R F Smith

5 December 2018

For and on behalf of CPRE Sussex

Copies to:

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