



Correspondence address:

South East England Councils
Room 215 County Hall
Penrhyn Road
Kingston
KT1 2DN

t: 020 8541 8740

e: nickwoolfenden@secouncils.gov.uk

w: www.secouncils.gov.uk

Kit Malthouse MP
Minister of State for Housing
Ministry of Housing, Communities and Local Government
2 Marsham Street
London SW1P 4DF
Sent via email to planningpolicyconsultation@communities.gsi.gov.uk

5 Dec 2018

Dear Minister

**South East England Councils response to
MHCLG consultation on updates to national planning policy and guidance:
Local housing need assessment**

- 1.1 We respond on behalf of South East England Councils (SEEC). SEEC is the cross-tier voice of local authorities in the South East, representing 9.1 million residents. We are a voluntary cross-party membership body, bringing together county, unitary and district councils to promote the views and interests of all tiers of local government across the South East, an area comprising 74 local authorities.
- 1.2 We welcome the opportunity to comment on your consultation, focusing specifically on local housing need assessment methodology. SEEC previously raised members' concerns on this issue in May in [response](#) to MHCLG's consultation on the National Planning Policy Framework (NPPF) and associated Planning Practice Guidance (PPG).
- 1.3 The consultation confirms Government's aim to substantially increase home building to 300,000 a year nationally by the mid-2020s. South East councils recognise the need for housing and have demonstrated their commitment, enabling over 110,600 homes in the 3 years to March 2018 – the UK's highest delivery rate. However, our member councils face challenges in continuing to increase housing delivery, including:
 - A South East infrastructure funding gap estimated at £15.4bn by 2030.
 - Over 1 million acres of protected land in the South East alone: including National Parks, AONB, SSSI and Green Belt.
 - At least 60,000 unimplemented planning permissions in the South East – almost 2 years' supply of homes. This backlog is caused by factors such as land agents who delay appointing developers or slow building rates by developers who wish to avoid damaging profits by flooding the market with new homes.
- 1.4 Having considered MHCLG's current consultation proposals for the local housing needs methodology, we are disappointed they do not address our fundamental concerns about the approach, raised in previous submissions to your department. Our members want to make the strongest possible case for changes to the methodology to address unexpected results and avoid undeliverable targets. The unexpected results include increases for many parts of the South East with current high growth levels but limited further capacity, and reductions in other parts of the South East which could undermine their local growth plans. A particular concern in many areas of the South East is the difficulty of reconciling the outputs of the standard housing need methodology with the amounts of land that has statutory protection, for example AONB or National Parks, and Green Belt. An updated methodology is required

to address these imbalances in order to secure delivery of Government aims and councils' locally-led sustainable development ambitions.

2. Response to questions 1 & 2 re local housing need assessment - Key issues that need further action by Government

2.1 SEEC members are concerned that in addressing the implications of revised ONS population projections, the MHCLG consultation leaves the housing need assessment methodology unchanged from the NPPF and PPG. During previous consultations, SEEC asked Government to review its approach, given multiple unexpected results from the methodology compared to current assessed needs in the South East and beyond. This fuels concerns among SEEC members that it is too blunt an instrument to reflect local circumstances, which could undermine sustainable growth plans in the South East and elsewhere. Examples of members' concerns include:

2.1.1 Many parts of the South East see large increases in housing that will be difficult to achieve given local capacity constraints such as very large amounts of land subject to statutory protections. For example, using Government's previously published data:

- i. The methodology allocated a 27% housing increase to South Bucks DC despite capacity constraints that result from 87% protected land. Through Duty to Cooperate South Bucks and others are working well with Aylesbury Vale DC, which is able to accommodate some of its neighbours' unmet need. However Aylesbury's capacity may not stretch to cover further increases in homes under the new need methodology for itself and its neighbours.
- ii. Tonbridge & Malling BC saw its housing figure rise by 23% despite capacity being limited by 77% protected land. The council is on track to submit its local plan during the NPPF transition period but if this was not the case, the new figure of 859 homes pa would not be sustainable and has only been achieved on a few occasions since monitoring began in the area due to limits on the market's ability and desire to deliver.

2.1.2 Other parts of the South East see unexpected decreases in housing figures, which could undermine local growth plans, eg.

- i. Comparing existing assessments and data previously published by MHCLG for the new method, Oxford City Council saw its needs figures approximately halve (from 1,200-1,600 homes pa to 746 pa). Some councillors are concerned this could undermine local housing growth plans, which aim to tackle the significant locally-identified existing affordable and market housing need in its area. They call for a common-sense check of the new methodology.
- ii. Reading BC saw around a 13% reduction from its assessed needs figures (reducing from 699 homes pa to 611 pa), despite high levels of locally assessed need for affordable homes. There is also concern in Reading that the Government's use of a single headline housing number does not reflect the mix of homes needed, in particular the substantial need for affordable homes. West Berkshire Council had an 18% cut (reducing from 665 homes pa to 545 pa).
- iii. The MHCLG figures suggested that Folkestone & Hythe DC had seen a fall in its proposed needs assessment, despite the council having identified significant housing growth need and potential – including a proposal to build a new Garden Town. Folkestone & Hythe is concerned as MHCLG's new need figure (490 homes pa, as published alongside the 2017 'Planning for the right homes in the right places' consultation, using the same methodology as the draft NPPF/PPG) is artificially constrained by Government's arbitrary 40% 'cap' above the existing local plan target, rather than the significantly greater level of housing need identified by both the council's own 2016 assessment (633 pa) and the Government's new formula if it were 'uncapped'. Folkestone & Hythe also considers that the term 'cap' is misleading as it suggests a maximum, when the consultation makes clear that this figure is a minimum.

- iv. These councils recognise they can exceed these minima, but there are concerns that setting higher figures may leave them open to time-consuming – and potentially costly legal – challenges from local interest groups.

2.1.3 There are also reductions in urban areas in other parts of country, eg.

- i. Outside the South East, cities with major growth ambitions see large cuts in housing need figures: Leeds (–1,011pa), Birmingham (–873pa) and Manchester (–459pa). Research by Homes for the North argues the housing need figures are not fit for purpose because they favour building in the south and risk undermining economic growth ambitions in the north.
- ii. While councils can exceed minimum numbers, a methodology that shows reduced housing need in these areas risks undermining Government's aim of boosting economic growth in cities, including those in the northern powerhouse and midlands engine.
- iii. Without a better way of reflecting these areas' growth ambitions, Government will simply increase housing and economic pressures in the South East rather than meeting its aim of rebalancing parts of the economy.

2.2 We note you propose to review the formula longer-term to establish a new method that meets the Government's growth objectives. However, we recommend that action is needed urgently now to make sure the methodology outputs are deliverable. As

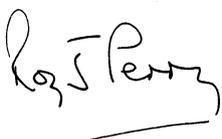
outlined above SEEC members have serious concerns about matching methodology outputs to available capacity. There are further amendments that could be introduced in the short term to ensure the methodology is fit for purpose until the underpinning formulae are reviewed. These include:

- i. Reviewing the affordability criteria. Some SEEC members suggest it would be better to base this on average salaries by residence, rather than workplace (MHCLG's current approach). This change would better reflect the true 'spending power' of people living there. It would also avoid increased targets, where these would be unsustainable and unachievable, in councils where a large proportion of residents commute out of the area to work. Large scale commuting can in some areas mean local workplace salaries are disproportionately weighted towards lower-paid service sector roles, as local areas may not be able to sustain higher-paid workplaces in competition with larger cities nearby.
- ii. Ensuring it is clear that any 'reduced' needs figures do not take precedence over locally-led higher-growth plans.
- iii. Using PPG to provide clear information for councils on factors to include when the local evidence base seeks to specify deliverable housing figures (either more or less than the standard need assessment). Specifying factors that will be supported by Government and planning inspectors at Examination in Public (EiP) is important to help avoid unnecessary and costly challenges in court or at EiP. Relevant factors would cover issues such as Green Belt and protected land (to clarify Government support for these) and development capacity, and how locally agreed growth plans which are higher than the new 'standard' figures will be taken into account.

2.3 Greater clarity on these issues could also help Duty to Cooperate (DTC) discussions by providing more certainty on a council area's capacity, and assist in agreeing the new Statements of Common Ground that form part of DTC.

We would be pleased to put the consultation team in touch with SEEC member authorities for more detailed discussions if this would be helpful.

Yours sincerely



Cllr Roy Perry
Chairman, South East England Councils



Cllr Ralph Bagge
Deputy Chairman, South East England Councils