

ACTION against DESTRUCTIVE DEVELOPMENT (ADD)

A response to the Government's consultation paper 'Changes to the current planning system'

The responding organisation

ADD is a campaign group comprising thousands of local people in Eastleigh and Winchester in Hampshire and is supported by a large number of other organisations, including nine of the local parish councils and the three Conservative MPs in the area. For nearly five years ADD has fought successfully to influence the outcome of the Eastleigh local plan. This culminated in the Examination in Public (EiP) of the draft Eastleigh plan 2016-36, which started in November 2019. Following the end of the EiP, the Planning Inspector wrote to the council in April 2020 and dismissed as unsound the borough's proposed strategic growth option to deliver 5,500 houses joined by a new 6.5km road. ADD supports the delivery of new houses but had argued consistently that the local plan process, as implemented by the council, was flawed and not based on a proper evaluation of the most suitable and sustainable locations for the new housing required to meet housing targets.

This response to the present consultation has been prepared by the Chair of ADD, John Lauwerys, and signed off by the ADD committee.

Introduction

The rigid structure of the consultation makes it very difficult to respond to some of the most fundamental issues relating to the planning system and the overall approach to setting housing targets. So the most important driver, the total national target to build 300,000 houses per year, is taken as a given although it is nowhere explained how this particular figure has been arrived at, beyond it being a Government aspiration. And within this national target figure there is little consideration given to the different kind of housing that is needed; something which has a fundamental impact on the type and quantity of land needed to meet the determined need for new housing. For example, in Eastleigh the most significant projected growth in population numbers over the next 20 years is among the elderly, who have a very different kind of housing need from young families seeking to buy a home of their own.

Sadly, this consultation document trammels the required responses into specific, detailed answers to what are frequently quite technical questions. This gives a strong impression that the Government has already decided on the actions it will take, irrespective of the response to the consultation, and is only interested in hearing responses to detailed issues.

Most notable is the complete omission of any reference to the action needed to tackle climate change which must mean that unlimited growth and expansion is no longer a sustainable policy for the nation. A formula as set out in para 28, which requires more houses to be built every year in every local authority area in England **whether there is any evidence they are needed or not**, is not a basis for tackling the climate change emergency.

Within the above context ADD is submitting answers to the most relevant questions based on five years of close engagement with the current planning system. This system is far from perfect but it does provide opportunity for local engagement, albeit with difficulty and challenge, in the development of local plans and consideration of planning applications. The balance of influence is however very much towards developers and planning authorities as we have discovered through bitter experience. Our concern is that the Government's proposed changes will make it very much more difficult still for local communities to have any influence at all in the planning of their local area.

The standard method for assessing housing numbers in strategic plans

We do not believe the approach outlined in this section of the consultation document is based on a genuine attempt to devise a sensitive formula to deliver targets for new housing which properly reflect the needs of different local areas across the country. Starting with a national target which is not itself based on a sound methodology for determining the overall need for new housing, and then devising a formula which delivers the 'desired' answer, is not a justifiable approach to this vital input factor on local plans. The statement in para 7 that *'Plans are a key vehicle for ensuring that the community gets the chance to shape the development that takes place in its area'* becomes a hollow aspiration if the local community has arbitrarily inflated housing targets thrust upon it.

Questions 1 and 2

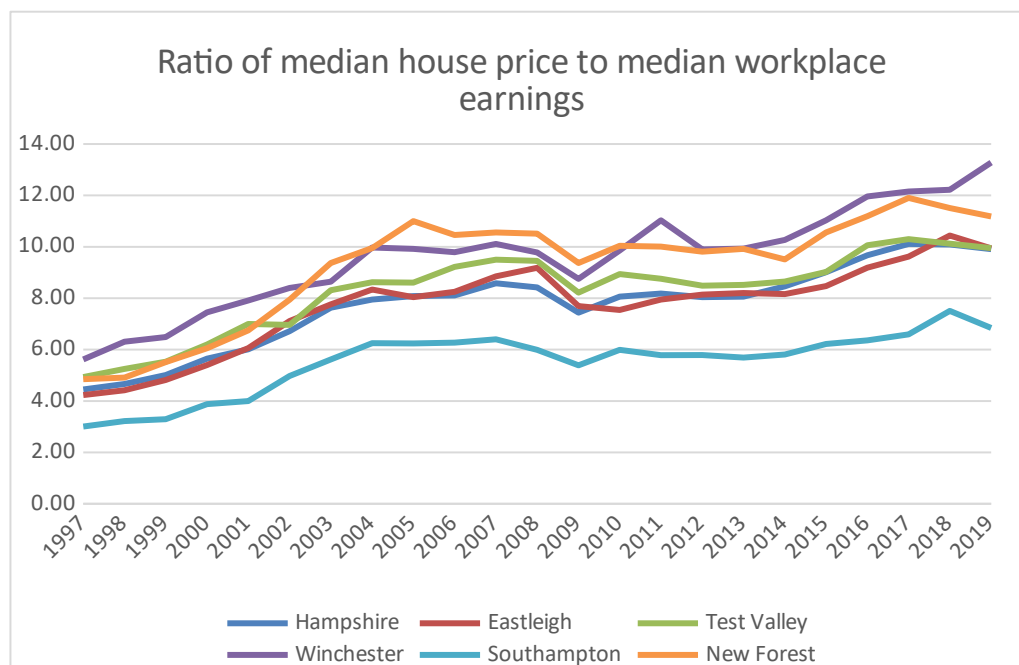
We do not agree with an automatic requirement to build additional housing in each area at least equal to 0.5% of the housing stock as this has no relationship to housing need. Household projections should continue to be a fundamental component of the housing targets but with significant other influencing factors, such as the ability of an area to provide housing growth (e.g. 86% of New Forest district is within the National Park, thereby hugely limiting the additional housing it can provide) and the extent to which an area has already experienced recent new housing development. Areas which have experienced high levels of housing development in the past few years should not be forced to accept large additional development. The proposed formula will deliver exactly the opposite effect and require even more housing to be built in areas of high recent housing growth.

To illustrate this point, Eastleigh, which in 2016 had just over 55,000 dwellings under its current local plan, is due to deliver an additional 14,580 dwellings in the period 2016-36; a very substantial rate of growth well beyond the rate needed to meet local demand for

additional housing. Under the proposed new standard formula, over the same 20 year period, the target would increase to 17,720; an additional 3240 dwellings. By contrast, its urban neighbour, Southampton, which had 104,657 dwellings in 2016, would be scheduled to deliver 20,040 additional dwellings in the equivalent period under the current formula but under the proposed new standard formula this falls to 16,640, which is 3400 fewer dwellings! The increase in required housing development proposed by the Government is planned to shift from an urban location with very extensive infrastructure and more brown field sites to the much more rural district of Eastleigh! Moreover, the new methodology would require Eastleigh to deliver a housing target which is 93% above the demographic growth needs of the borough based on ONS projections.

Question 3

The workplace-based median house price to median earnings ratio should have a place in the determination of housing targets but not in the way proposed. In an area like Winchester a significant proportion of the population hold well paid jobs with London based employers; this raises the median earnings in the district while disguising low paid local people who face huge challenges in finding affordable homes of any kind. The ratio in Hampshire is well above 4, the level needed to reflect realistic affordability. This is illustrated in the table below, covering Hampshire and selected districts in the south of the county together with Southampton.



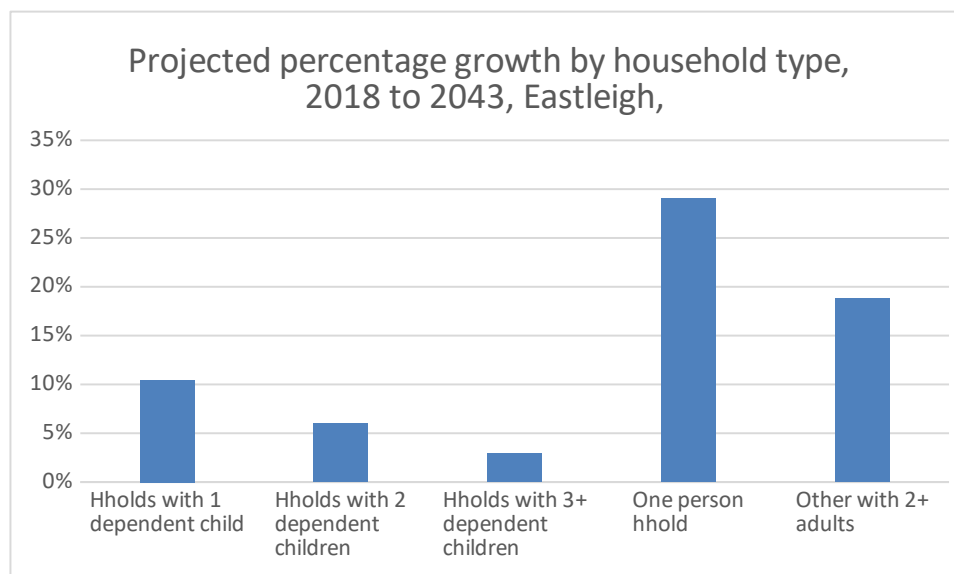
Source: ADD research

In Eastleigh the affordability ratio has risen above 10 and in Winchester is approaching 14! And yet the most affordable location in the sub region, Southampton, will under the new

formula be required to build **fewer** homes than under the current 2014 base standard methodology!

The Government is suggesting that if a great many more houses were built in currently 'unaffordable' areas, house prices would fall and more people would then be able to afford to buy houses. There is no evidence that this would happen. Developers control the rate at which they build and market the houses on the land where they have planning consent in order to maintain the profitability of their business. Even if they were forced to build and release the housing potential on their land which has planning consent (estimated in total as capable of delivering one million new homes across the country), many existing house owners who have recently purchased their houses in surrounding areas would likely find themselves falling into negative equity with all the damaging consequences that would ensue.

It is moreover the case that affordability is influenced by housing developments that encourage people into the area, thus not meeting the needs of the current local population. In the case of Eastleigh around a third of the people moving into the borough from elsewhere come from outside Hampshire. And the developers respond to this sales opportunity by planning their open market housing component towards the three/four/five bedroom executive home market rather than the smaller, more affordable dwellings which local people require. The following table illustrates that in Eastleigh the greatest percentage growth over the coming 25 years will be in one person households who will require smaller residential units, not the kind of housing which is most profitable for private developers to build.



Source: ADD research

The consultation paper has much to say about assisting first-time buyers but does not address the challenge facing those who cannot aspire to buy their own property and will continue to pay very high rents relative to their income. The Government's housing policy needs to deliver a great deal more social housing, which is in very short supply throughout most of England.

Question 4

This is an example of asking a specific question about one aspect of the proposed revised standard method without having provided an opportunity for comments on the proposed formula outlined in para 30. To take just one example of why this proposal is so clearly designed to give targets which will deliver the Government's policy of building 300,000 houses per annum, at the end of the formula an arbitrary and unexplained adjustment is made of +1. Other elements are also arbitrary, such as including the change in the affordability ratio over a ten year period. Why not 5 or 20 years? In practice the last ten years have been atypical in directly following the financial crisis of 2008 and a period of recession, austerity and slow recovery. So if this element is to be used in the formula a 20 year comparator would be more balanced.

Question 5

Affordability is given too much weight for the reasons given in answer to previous questions. Other factors such as the length of social housing waiting lists should be included.

Questions 6 and 7

The implementation of the proposed revised standard methodology will have **very** significant impacts on many local authorities. As para 42 points out, 141 authorities (excluding London boroughs) have a change of over plus 25% in their housing targets compared to the current methodology. It would lead to chaos to impose the new methodology instantly on a planning system which requires adequate time to produce a new local plan; a system which is founded on detailed specialist studies aimed at delivering a sound plan and meeting current housing targets.

Delivering first homes

We have already noted that the Government has adopted an unbalanced approach to meeting the nation's housing needs. The paper places huge emphasis on first-time buyers and pays little regard to those who rent their housing. Stating that 87% would prefer to own their own homes is as meaningless as saying that a majority of the population would like to win a large lottery prize! The reality is that a significant proportion of the population will rent their housing either through choice or because they will never realistically be able to afford to purchase their own home. There is nothing wrong with living in rented housing – people in other countries, like Germany, do so to a much greater extent than is

the case in the UK. What is wrong is that the proposed housing incentives should be directed almost exclusively to first-time buyers. The schemes launched to assist first-time buyers under the coalition Government had some very bad side effects including delivering excessive profits to a number of large developers and construction companies (over £1 billion profit for one house builder in one year). These profits were generated largely through very high sale prices on the new housing developments that benefited from the Government's first-time buyer help scheme (which was not available on second-hand houses).

Question 8

The question posed cannot be answered as the assumptions are fundamentally flawed. The priority should be for affordable and social housing, not first-time buyers per se, irrespective of their financial circumstances.

Questions 9, 10 and 11

No. The problem is that even the current affordable housing component within larger scale new developments is subject to reduction through special case pleading by developers. Further exemptions will make matters worse.

Question 12

We have already commented in answer to questions 6 & 7 above that the suggested very fast implementation of a new planning framework will cause chaos and a host of unintended consequences. It follows that the suggested transitional arrangements are totally unworkable.

Question 13

No. This formula provides an untargeted and very significant subsidy whether or not the first-time buyers need such help. Again, no hope or help is offered to those unable to contemplate buying a home and who therefore remain in the rented sector. Also, the subsidy is likely to be concentrated on new build housing rather than on existing housing which first-time buyers may aspire to buy. This has already led to a reduction in price of some nearly new homes compared to brand new housing, driving some who bought houses perhaps a few years previously into negative equity.

Remaining questions

We do not wish to address the remaining questions in this consultation paper as they are increasingly technical and, as a campaign group, take us into a level of detail which we do not have the competence to respond to.

October 1 2020