



Response to the DCLG Consultation Paper

Planning for the right homes in the right
places: consultation proposals

By

The London Green Belt Council

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Question 1a

We do not agree

Predict and provide is supposed to define housing need but the market is not responding, as it follows demand and aspiration. Some economists believe that the housing market functions in the straightforward supply-and-demand way that applies to other markets and other commodities. However, simply increasing supply will not drive down prices. The housebuilding industry does not operate to that model: instead it fixes a price and then supplies demand at that price, or higher if possible. The economist's theory that by building more houses in expensive areas will bring the price of land down is over-simplified and has already been proved to be inaccurate. The price of land will continue to increase not only because it is a finite source but because if developers are continued to be allowed to "land-bank" and delay they will do so in order to increase their profits. At present there are no restrictions on them following this course.

An example of this situation is Ebbsfleet where planning permission was given for 6,500 homes in 2007 and increases to 15,000. These are important homes for essential people working in London such as teachers, nurses and policemen. So far only 703 houses have been built.

Housing need is a human concern but too often, as in local plan EIAs, it becomes an argument on statistics or discussions as to which assessment method is the most accurate, delaying the plan and causing further concern, especially for young people, whose aim is to get on the housing ladder.

This proposed new methodology, as set out in the consultation process, proposes unrealistic demands which will place a major threat to the London Metropolitan Green Belt (LMGB). It also appears to ignore areas particularly outside the South East where affordable housing is more likely to be provided. Surely it is need and not demand which should be the basis of any housing strategy. "The right homes in the right places".

Many of the planning permissions in the LMGB will not contain houses which are affordable to young buyers as most of the permissions, after negotiations about viability, are for four and five bedroomed homes as the profit for the developer is much higher and marketing them is much easier. This situation is further exacerbated as most of the Green Belt plots are in the ownership of a few large developers, who can afford to hold back in order to get the maximum profit.

Another concern is land trading. Large developers and concerns such as Gladman, who do not develop land themselves but sell on when permission is granted, either own or have options on large tracts of land, some of which is in the LMGB. This is particularly tough on SME builders who simply cannot obtain suitable land. Because of the system of registration, these ownerships and options are not transparent and so hide the potential of more suitable sites and are banked for future speculation.

Although there have been some statements from government encouraging developers to build more quickly, there appears to be no action, so far, to increase the rate of build-out. Urgent action needs to be taken to increase the numbers of homes built each year with penalties for not completing planning permissions in a timely way. Developers claim that the discussions about viability and conditions increase the delay in building. This is sometimes a deliberate action in order to delay the start of work.

This needs to change. To deliver more of “the right homes in the right places”, communities need to be empowered to demand the homes they need where they want them to be built, and landowners, developers and homebuilders need to be brought into line when they fail to respond to communities’ democratically expressed demands.

All these delays effect the 5 year supply which puts even more pressure on LPAs to provide more land which is an important threat to the Green Belt. There is considerable concern at the rate of loss of further London Metropolitan Green Belt which will be identified for development on the basis of this new methodology.

In summary:

- It conflates housing need with demand
- The housing crisis is a crisis of affordability and distribution – more of the same houses in the most expensive areas does not address this
- Increasing targets in areas where demand and house prices are high will widen regional disparities between the North and the South
- There is no evidence to support the economic argument that increasing land supply will lead to more homes being built and to reduction prices
- Producing growth projections in advance encourages developer and speculator dominance over planning delivery and pays no attention to the views expressed by local people
- It is unclear whether the methodology will take account of the needs of concealed households
- No clear idea is given of how OAN outputs will be translated into local targets including the type and affordability of housing and planning application decisions
- It puts Green Belt land at risk (also see response to Questions 7-9)

Question 2

A two-year review period is far too short. This decision would ensure that, unless there are stringent rules in force more and more LMGB would be sacrificed for ever larger housing demands.

As far as the LMGB is concerned this period should be extended to a 20-year moratorium so that a properly organised strategy could map out its future. Local Plans, when reviewed need to be created such as not to take any Green Belt land.

Question 4

The question implies that if an alternative methodology results in a higher assessment of need it will automatically be found sound. This sends the message to plan makers and developers that high housing targets should be encouraged while also acting as a disincentive to citing constraints on meeting targets such as Green Belt and AONB (see response to Questions 7-9).

Question 5

Again, there is a strong suggestion that the period will only be deferred for LPAs who set ambitious (over-inflated and over-optimistic) targets. Authorities which are constrained by Green Belt, particularly where this constraint is shared among neighbouring LPAs may well need more time to plan to meet needs across a housing delivery area and calculate how constraints are likely to impact on their ability to meet assessed need (also see response to Questions 7-9).

Questions 7-9: Statement of Common Ground

The issue of preparing a statement of common ground exemplifies why the consultation proposals present a grave threat to the LMGB.

Most people would not argue against measures which encourage neighbouring LPAs to work openly together to identify how best to meet local housing need. The problem arises when neighbouring authorities, both of which are constrained by Green Belt need to provide the housing required in the context of the proposed methodology which encourages 'ambitious' development. In these circumstances unless there is an understanding that Green Belt land will not be available it will be plundered.

Moreover, statements of common ground will not address these issues that go beyond a housing market area in the local authorities surrounding London. The huge increase in assessed housing need coupled with the shared Green Belt constraints will inevitably make it very difficult for these LPAs to negotiate where the increased housing 'need' will be located while also protecting Green Belt land.

Consequently, the proposed standard approach to assessing local housing need will make it impossible for neighbouring LPAs which share Green Belt constraints to prepare a Statement of Common Ground which preserves the integrity of the Green Belt unless it is made very clear to both LPAs and, significantly, the Planning Inspectorate, that it is perfectly legitimate for neighbouring LPAs to shift targets downwards due to their shared constraints in their Statement of Common Ground.

This would require an extensive rethink of the proposals with regard to the deviation from the new method which currently suggests more favourable treatment of LPAs which propose higher targets.

This threat to the Green Belt is illustrated in the case studies below.

CASE STUDY 1

West Essex and East Hertfordshire Strategic Housing Market Area and North and East London

London Green Belt figures from July 2017 show that there are already proposals for over 26,000 homes across 50 sites on the Green Belt in the West Essex and East Hertfordshire Strategic Housing Market Area. The proposed methodology would increase the assessed housing need in the LPAs within this area by an average of 56% including an 80% increase in Epping Forest DC which is 94% Green Belt and a 49% increase in East Hertfordshire DC which is 37% Green Belt. There are currently proposals for 9,255 homes and 16,950 homes on the Green Belt in these two LPAs respectively. It would be impossible for these LPAs to come close to meeting the indicative assessment of local need while also protecting their Green Belt.

Moving south and east from West Essex and East Hertfordshire Strategic Housing Market Area into the London Boroughs of Barnet, Enfield, Waltham Forest, Redbridge, Barking & Dagenham and Havering, the proposed methodology would increase housing need by an average of 90%. The proportion of land within these LPAs which is designated as protected land (the majority of which is Green Belt with a small amount of Metropolitan Open Land) ranges from 15% in Barking and Dagenham to 56% in Havering.

So far, Havering has generally avoided building on Green Belt in order to meet its housing need, but a 33% uplift would put significant pressure on them as they and their neighbours struggle to achieve targets even approaching the proposed assessments.

CASE STUDY 2

Kingston upon Thames and North East Surrey Strategic Housing Market Area, South London and North Kent.

The average increase for the LPAs within the Kingston upon Thames and North-East Surrey Strategic Housing Market Area: Elmbridge; Epsom & Ewell; Mole Valley and Kingston upon Thames is 49% (ranging from 13% in Mole Valley to 113% in Kingston). Moving east across the South London Boroughs of Sutton, Croydon, Bromley, Bexley and the North Kent LPAs, Dartford and Gravesham there is an average increase of 44%. There is limited joint capacity in these LPAs to achieve targets approaching the proposed assessments while also protecting Green Belt.

Without explicitly addressing the constraints on LPAs' ability to achieve targets that resemble their assessed needs, the preparation of statements of common ground will be protracted and unlikely to be in the best interests of either the Green Belt or those with the acutest need for housing.

Question 10:

By conflating demand with need, the new process will fail to plan for a mix of housing needs. The consultation focuses heavily on market housing and makes no reference to social housing and only mentions rental accommodation in relation to provision for older people. The fact that the paper itself does not deal with the mix of housing needed to cope with the crisis of affordability in housing, is testimony to the fact that the proposed model will fail to create a genuine housing mix which meets the needs of those groups most in need of housing, namely young families, key workers and those on middle and lower incomes.

Attached at Annex A is a brief on the main concerns that LGBC has together with a list of LMGB LPAs and the likely effects of the new methodology

Annex A

Premise of the new formula for calculating local housing need

The housing need assessment appears to be based on household projections plus an uplift according to “local affordability”. The assumption about local affordability appears to be that if house prices (as opposed to rent) are high in relation to income then supply is not meeting need/demand and should therefore increase

It therefore follows that, with a few caveats in relation to income levels, LPAs where houses prices are high will be expected to build more. This will be capped at 40% above current calculation – benefitting LPAs which already have over-ambitious figures

Rental rates are not included in the formula

Impact on the London Green Belt

From the information provided the key changes are summarised below:

Overall % increase to assessed housing need in the London Green Belt: 29

Overall % increases by county/CPRE Branch area:

○ Bedfordshire	60
○ London	57
○ Kent	30
○ Buckinghamshire	26
○ Essex	22
○ Herts	11
○ Surrey	11
○ Berkshire	4

LPAs with increases in assessed housing need of over 50%:

○ Harrow (London)	224*
○ Ealing (London)	161*
○ Barnet(London)	121*
○ Kingston upon Thames (London)	113
○ Bromley (London)	94
○ Epping Forest DC (Essex)	80
○ Bexley (London)	79
○ Harlow (Essex)	74
○ Barking and Dagenham (London)	65
○ Richmond upon Thames (London)	63
○ Enfield (London)	63
○ Sutton (London)	61
○ Central Bedfordshire (Beds)	60
○ Luton (Beds)	59
○ Medway (Kent)	56
○ Aylesbury Vale	55

**The DCLG table states 'Local assessment of need not available' for Harrow, Ealing and Barnet. However, we have calculated the following increases based on available Local Plan documentation.*

LPAs with decreases in assessed housing need

○ Hillingdon (London)	-81
○ Croydon (London)	-42
○ Hertsmere (Herts)	-38
○ Watford (Herts)	-37
○ Hounslow (London)	-26
○ Woking (Surrey)	-21
○ Dacorum (Herts)	-20
○ Thurrock (Essex)	-16
○ Haringey (London)	-15
○ Spelthorne (Surrey)	-10
○ Surrey Heath (Surrey)	-8
○ Castle Point (Essex)	-7
○ Chiltern (Bucks)	-5
○ Slough (Berks)	-2

A breakdown of the changes the proposed standard approach to assessing local housing need can be found in the accompanying spreadsheet: *Housing Need Consultation Data – MGB changes*. There does not appear to be a relationship between the amount of protected land within a LPA and the change in assessed need.

Criticisms of the proposed methodology

- **It conflates housing need with demand**
- **The housing crisis is a crisis of affordability and distribution – more of the same houses in the most expensive areas does not address this**
- **It will be impossible for neighbouring LPAs which share Green Belt constraints to prepare a 'statement of common ground' which preserves the integrity of the Green Belt**

LGBC was pleased to see that in a recent letter to the Rt Hon Chris Grayling MP (member for Epsom & Ewell), the Secretary of State for Communities and Local Government clarified that LPAs *'need to determine whether there are environmental designations or other physical or policy constraints (such as Green Belt) which prevent them meeting this housing need.'*

However, any changes to planning policy and legislation need to be very clear that LPAs can and should produce housing targets below their needs assessment if there are policy constraints which will prevent them from meeting this assessed need.