

White Paper: Planning for the Future

Briefing Note: Part 1

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“Changes to the current planning system” consultation – Housing Requirement reforming the standard method.

Proposal 4 of the White Paper sets out the proposed reform of the standard method for calculating housing requirement. The new method takes into account the requirement to provide for an increase of 0.5% in the size of the existing stock or the most recent annual requirement from the 2018 household projections (whichever is higher) and then adjust this (either upwards or downwards) by reference to both the current levels of affordability and the rate at which affordability has changed over the past ten years.

The impact of these changes at a regional level are as follows:

Table 1: Revised Standard Method Calculation by Region

Region	Revised Standard Method	% of Total
East Midlands	27,950	8.3%
East of England	40,453	12.0%
London	93,532	27.7%
North East	7,288	2.2%
North West	24,631	7.3%
South East	61,276	18.2%
South West	36,732	10.9%
West Midlands	27,503	8.2%
Yorkshire and The Humber	17,870	5.3%
Total	337,235	

On a comparison of the outcome of the proposed Standard Method to the existing there would appear to be an increase in all areas although the new method appears to proportional focus more growth in the Midlands (16.4% rather than 14.7%).

Table 2: Comparison of proposed and current Standard Methodologies

	North	Midlands	South	Total (England)
Proposed SM	49,789	55,453	231,993	337,235
% of Total	14.8%	16.4%	68.8%	
Current SM	43,738	41,037	193,960	278,735
% of Total	15.7%	14.7%	69.6%	

The “Changes to the current planning system” consultation states that the new method is a starting point for planning and not the final housing requirement (Paragraph 40). This leaves open the question as to what is the final housing requirement?

Reference back to the Planning for the Future White Paper (paragraph 2.25) suggests that as well as taking into account the factors in the mathematical calculation additional factors are to be taken into account to reach the housing requirement these being:

- Constraints such as Green Belt, National Parks designated areas of environmental or heritage value as well as flood risk
- Opportunities to use PDL
- Need to accommodate development land for other purpose and
- An appropriate buffer to take account of drop off between gaining permission and completions as well as offering sufficient choice to the market.

How any of these additional factors are to be incorporated into a final figure, and more importantly who will be responsible for making these adjustments to the outcome of the mathematical model is unclear from our present reading of the documents.

One In respect of the notable outcomes is the very high level of housing requirement for **London** which at over

Contact us:

Strategic Planning Research Unit, Broad Quay House (5th floor), Prince Street, Bristol BS1 4DJ

t 01179 058 850 e bristol@dipconsultants.co.uk

www.dipconsultants.co.uk

90,000 dpa is almost twice the existing SM figure and just under 3 times recent competition rates. How this figure is massaged downwards on the grounds of constraints and the other factors listed will have an considerable impact on whether the revised planning system will ever end up allocating sufficient land to meet the Government's target of 300,000 dpa.

A further point to note in relation to planning for housing is that the new standard method will only be utilised for plan making and the Housing Deliver Test, as **the 5 year land supply test will not be needed** because the new system will ensure that there is a 5 year supply of land so there is no need to test it (Planning the Future paragraph 2.27).

Finally, the move towards areas of Growth, Renewal and Protected areas will make it very difficult to calculate what the actual supply is in any local plan. This coupled with the lighter touch testing of local plans though a single test of "sustainability" including a slimmed down test of deliverability and the removal of the duty to cooperate mean that it will be very difficult to determine if LPA's are actually making provision to meet the 300,000 dpa.

If LPA's fail to produce plans in a timely manner or produce plans that do not cumulatively plan for 300,000 dpa target then there appear to be very few levers for the Government to pull to rectify the situation. Sanctions appear to be a visit by inspectorate of the presumption in favour via the Housing delivery test. Unlike the present position there appears to be no test of the datedness of plans or plan policy proposed.

The "Changes to the current planning system" suggests that regard should be had to the new requirement as soon as they are published for development management purposes but does provide the opportunity for existing Local Plans to proceed to if they are at (or possibly close to) the regulation 19 stage.

SPRU contributed to submissions to government as part of a panel of experts considering alternatives to the current standard method to calculate local housing need. The proposed changes reflect some of SPRU's suggestions such as no capping of the results, longer-term trends in affordability and the retention of an element of demographic projections.

Unfortunately, the suggested introduction of very value laden criteria to achieve the final requirement negates the positives of having certainty around the number an area should be planning for.

In the meantime, SPRU has modelled the needs of all districts with the new methodology and will be publishing these as a part 2 response in the next few days.

If you wish to discuss the implications of the standard method or any other of the proposed changes please contact the SPRU team.

Alex Roberts - Director
Roland Bolton - Senior Director
Strategic Planning Research Unit
DLP Planning Ltd
Alex.Roberts@dlpconsultants.co.uk
Roland.Bolton@dlpconsultants.co.uk
07468474169 / 07831155353