

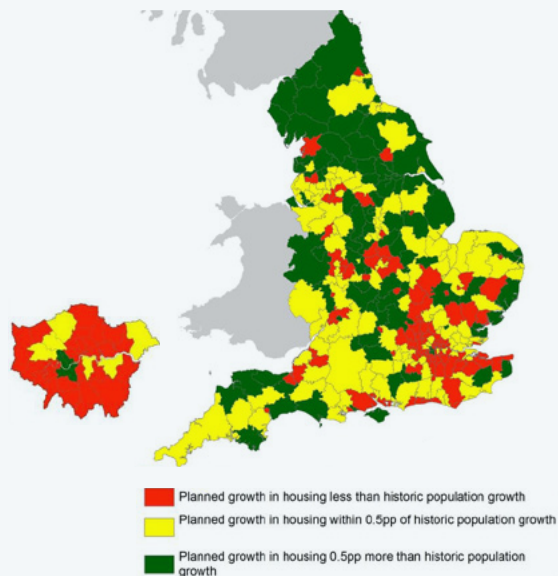
DCLG proposals creating a North-South divide?

In February 2017, the Government's Housing White Paper mooted a consultation on a standard methodology for assessing housing need following recommendations made by the Local Plans Expert Group (LPEG) a year earlier.

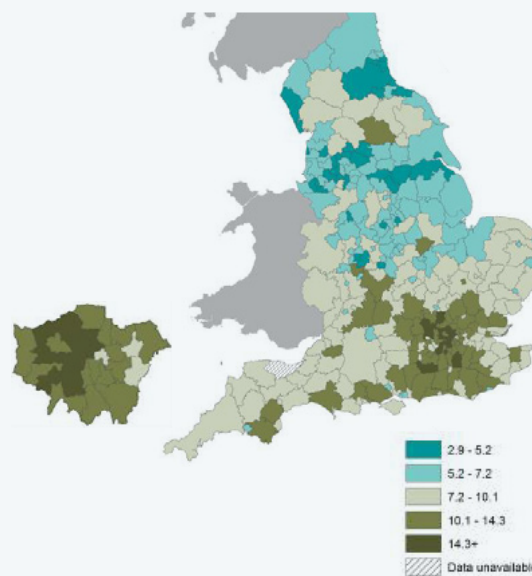
DCLG has finally published its 'Planning for the Right Homes in the Right Places' and announced they will be consulting on the proposals through until 9 November 2017. DCLG estimates that this new methodology will provide for

approximately, 266,000 new homes across the country, with 72,000 in London. In a recent speech to Parliament, Sajid Javid MP reported that in the areas where the assessed need rises under the new methodology, the average increase is likely to be 35%.

Planned housing growth compared to historic annual population growth (2010 to 2015)



Ratio of average house price to average earnings



© OS Boundary Line; DCLG Live Table 577

In summary

The proposed methodology effectively sets the minimum housing targets for an authority, but the consultation document suggests that local planning authorities are able to plan for a higher number if they wish. It suggests a three-step process to assessing housing need.

- **Step 1** confirms that DCLG's household projections should be the starting point for assessing housing need.

- **Step 2** involves an adjustment to take account of market signals. This adjustment is based on the affordability ratio between average house prices and average earnings, with a higher adjustment applied in areas with more acute affordability issues.

- **Step 3** introduces a cap to limit any adjustment uplift to ensure that housing targets are deliverable.

The cap would be set at 40% above the existing housing target set out in a local plan adopted within the last five years. In areas with plans older than five years, the uplift is capped at 40% above the higher of either the latest household projections or the existing local plan.

The consultation also confirms the Government's intention to bring forward these changes through revisions to the NPPF in Spring 2018.

Commentary

The Government's intention of creating a more simple and transparent approach to calculating local housing need is welcomed. If successful, a standardised approach should cut the amount of time negotiating technical matters at Local Plan examinations and at Section 78 appeal inquiries.

Higher housing targets will have a knock-on effect on local authorities' ability to demonstrate a five year housing land supply. This may lead to more applications being allowed at appeal unless additional land is identified for housing. The impacts of the proposed methodology will be felt most keenly by those authorities already failing to meet their housing need.


Whilst a standard methodology would reduce debate over housing requirements, it remains to be seen whether the changes will result in more homes being built. It is anticipated that there will be a shift in debate, with increased focus on other policy constraints on supply, including landscaping designations (such as AONB), Green Belt release and the Duty to Cooperate.





It may well be that you will need to make representation to DCLG as part of the consultation process.


Indigo's housing teams in London, Birmingham, Manchester and Leeds will be happy to help.

One of the key issues is that the proposed approach will generally boost housing requirements in southern parts of the country and London where affordability issues are most prevalent but supply is constrained, but have the opposite effect in northern areas.

 The 40% cap proposed by Government effectively prevents housing needs in the most unaffordable areas of the country from being fully-expressed.

 In London, where affordability is a key issue, the approach to housing targets will continue to be capacity-led rather than needs led.

 Without addressing constraints on development such as Green Belt, housing needs will continue to be unmet in the most unaffordable areas.

 There is the possibility that growth objectives of many northern towns and cities will be undermined, with implications for the Northern Powerhouse.

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