

Housing Supply – Tackling the Undersupply of Housing in England

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Delivering Housing – The Planning Process

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The Planning System

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Controlled by Primary Legislation

- Town and Country Planning Act 1990
- Planning and Compulsory Purchase Act 2004
- Localism Act 2011

Also of relevance to Practitioners

- Highways Act
- Wildlife and Countryside Act 1981 (As Amended)
- Environmental Health Legislation
- Planning (Listed Buildings and Conservation Areas) Act 1990
- Minerals and Waste
- Note amendment to all of the above

National Policy and Guidance

- National Planning Policy Framework, February 2019
 - Sets out principal policy issues and the approach to achieving sustainable development (economic, social and environmental).
- National Planning Practice Guidance
 - An on-line 'document' with more detailed guidance on the approach to a range of planning issues.
 - It should be treated as a 'living' document and is subject to changes on an ongoing basis.
 - Requires some understanding of planning; not always logical to follow.

Local Plan

- The planning system is plan led.
- Paragraph 2 of the Framework states:-
"Planning Law requires that application for planning permission be determined in accordance with the development plan, unless material considerations indicate otherwise".
- This is given statutory force by S38(6) of the Planning and Compulsory Purchase Act 2004 and S70(2) of the Town and Country Planning Act 1990.
- Material Considerations – Need to be relevant to planning but are wide ranging.
- There is no specific list of what is a material consideration; the Courts will generally support the decision maker so long as there is a connection with the scheme, but must be related.

Local Plan continued...

- Local Plans are prepared by Local Planning Authorities
 - Evidence base
 - Issues and Options
 - Preferred Options
 - Pre-Submission / Submission
 - Examination
 - Modifications
 - Adaption
- Time periods. 5 year reviews.
- Lengthy process.

Neighbourhood Plans

- Sporadic coverage: How successful?
- Should follow the Local Plan in terms of strategy and quantum of development.
- Can allocate sites.
- An important consideration in decision making process.

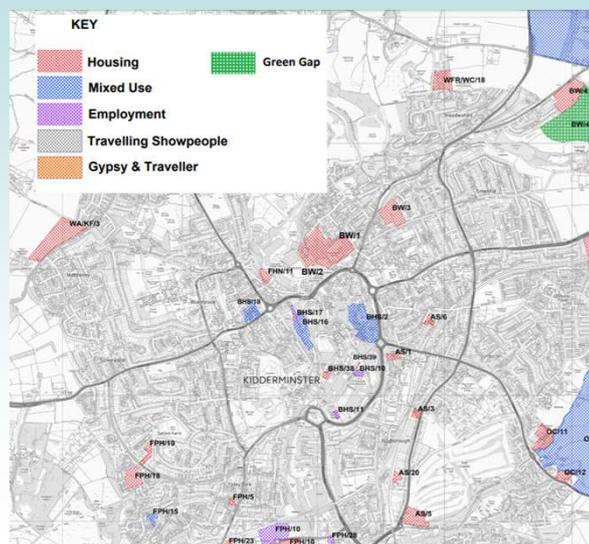
How Much Housing Does England Need?

- The Local Plan Process
- How were housing targets set previously
- How are housing targets set now
- Cross boundary issues
- Challenges to delivery
- Trends in housing supply

How Are Housing Targets Set – The Local Plan Process

- What is a Local Plan?
- Who prepares them
- Subject to consultation then an examination by an independent Inspector
- Establish the housing requirement for the area
- Put in place allocations to guide development

How Are Housing Targets Set – The Local Plan Process



How Are Housing Targets Set – A Brief History

Regional Spatial Strategies

- Introduced in 2004
- A strategic level plan for the region
- Set a housing requirement for the area as a whole and individual authorities.
- Local authority area requirements were set drawing upon the RSS objectives.
- The West Midlands RSS sort to reduce housing numbers:
 - to force new development into the conurbations
 - to encourage regeneration

The Revocation of RSS

- Revoked in 2010 as part of the localism agenda designed to give local authorities and local communities more control over the planning system.

- The guidance that accompanied the legislation stated:

"Local planning authorities will be responsible for establishing the right level of local housing provision in their area, and identifying a long term supply of housing land without the burden of regional housing targets. Some authorities may decide to retain their existing housing targets that were set out in the revoked Regional Strategies. Others may decide to review their housing targets".

- This gave the opportunity to local authorities to establish their own housing requirement in Local Plan for the first time since the introduction of the RPGs

Objectively Assessed Housing Needs

- Following the revocation of the RSS a number of Councils continue to progress Local Plans using the RSS housing requirement. Others decided to prepare plans with their own housing requirement.
- In 2012 the first version of the National Planning Policy Framework was published;
 - Stated objective to 'boost significantly' the supply of housing.
 - Provided new guidance for local authorities in establishing housing requirements.
 - It required a Strategic Housing Market Area Assessment to be produced by local authorities.
 - The SHMA should establish the 'objectively assessed housing need' of an area. i.e. how many houses are required.

Establishing the OAHN

- The accompanying practice guidance provided a methodology for establishing the OAHN. A range of factors needed to be considered:
 - household projections
 - plan makers may sensitivity-test and adjust those projections in the light of local circumstances.
 - recent demographic evidence, including the latest population estimates
 - Past undersupply of housing
 - market signals - house prices increases and affordability
 - Future job growth.

Establishing the OAHN

- The impact of the OAHN requirement on plan making was significant.
- Numerous Local Plans were objected to by consultees.
- This added significant delays to the plan making system.
- The vast majority of local plans had difficult examinations
- Where housing requirements were increased new allocations required
- Example → Cheshire East:
 - Pre-Examination meeting – July 2014
 - Adoption – July 2017

The Standard Method

- An updated version of the Framework was produced in 2018.
- OAHN replaced with the 'standard method':

$$\text{Adjustment factor} = \left(\frac{\text{Local affordability ratio} - 4}{4} \right) \times 0.25 + 1$$

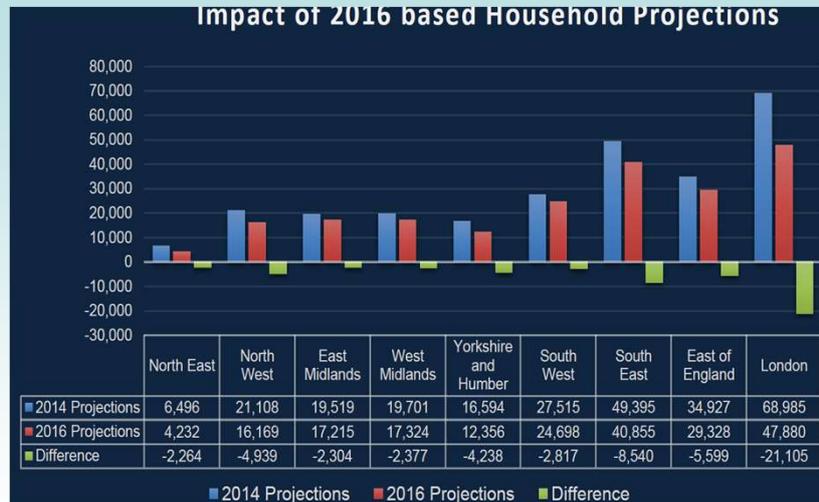
- The household projections with an 'adjustment factor'
- Still a local housing target?

How Much Housing is Needed?

- Governments view that 300,000 houses are needed each year in England
- At the time standard method was introduced the 2014 household projections were the most recent projections.
- If you applied the standard method to every local authority area in England the total housing requirement is 266,000 dwellings
- Last Autumn the 2016 projections were produced:
 - Forecasting a slower rate of household growth than the 2014 projections.
 - If you rerun the standard method with the 2016 projections the housing target drops to 210,000 dwellings.

The Standard Method

Impact of 2016 based Household Projections



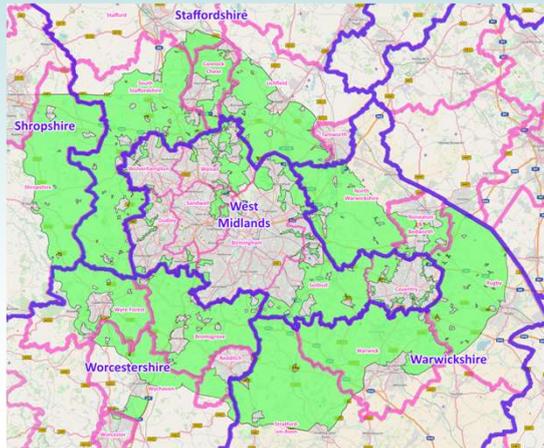
- The response? – back to 2014 household projections are review

Challenges to Delivery - Cross Boundary Issues

- One of the key issues facing a number of the larger urban authorities is the capacity to deliver development.
- Birmingham housing requirement = 89,000 dwellings, capacity 51,000.
- The emerging Black Country Cores Strategy requirement = 78,000 dwellings, capacity 56,000
- Duty to cooperate – work with your neighbours
- Progress in dividing up the shortfall is slow.

Challenges to Delivery

- There is a lack of urban capacity.
- Birmingham and the Black Country are surrounded by Green Belt.

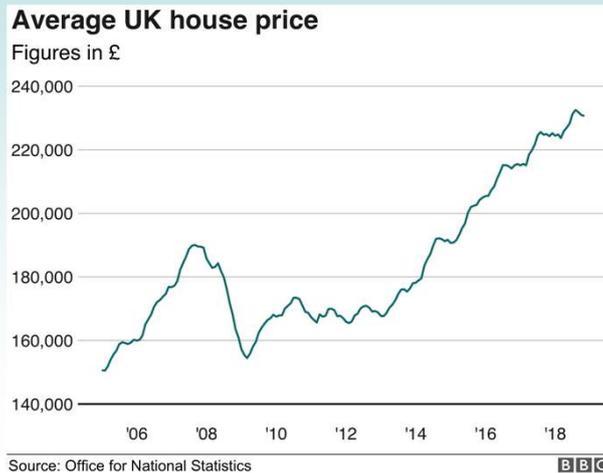


Challenges to Delivery

- National planning policy seeks to restrict development in the Green Belt.
- Land can only realistically be released from the Green Belt through the preparation of a Local Plan
- There is a general acknowledgment that Green Belt land release needs to take place to meet housing growth requirements. However, progress is slow.
- The slow progress is in part linked back to the lack of an agreement to distribute the housing shortfall

Trends in Housing

- Shortage of homes is contributing to house price growth



Trends in Housing

- The average salary required to buy a house across the largest 20 cities is now £53,826 (up from £44,974 in 2015), more than double the median annual wage for the country.
- The average home now costs 7.91 times their Annual Salary. This compares to 7.14 times in 2007 and 3.6 times in 1997. (ONS)
- Huge range across regions in House price Copeland (North-west) most affordable - House Price to earnings ratio 2.71 Kensington and Chelsea least affordable –House Price to earnings ratio 40.69
- West Midlands – House Price to earnings ratio 6.59

Trends in Housing

House Price to Earning Ratio West Midlands

9.35	9.31	8.88	8.64	8.18	8.00	7.73	7.48	7.41	7.00	6.84	6.78	6.77	6.70	6.45	6.45	6.41	6.06	6.03	5.91	5.73	5.71	5.69	5.69	5.66	5.23	4.57
Stratford-on-Avon	Herefordshire, County of	Wychavon	Warwick	Solihull	Bromsgrove	Malvern Hills	Redditch	Lichfield	South Staffordshire	Rugby	Wyre Forest	Tamworth	Stafford	North Warwickshire	Worcester	East Staffordshire	Walsall	Birmingham	Nuneaton and Bedworth	Coventry	Wolverhampton	Cannock Chase	Dudley	Sandwell	Newcastle-under-Lyme	Stoke-on-Trent

Trend in Housing

- England's total housing need backlog has reached four million homes (Heriot-Watt University research).
- The number of households in temporary accommodation is on track to reach 100,000 by 2020 (Shelter)
- There are more than 1m people on the waiting list for council housing
- Rough sleeping has risen by 169% since 2010 (*Shelter*)

We need to build more homes!

Section 106 Agreements and Community Infrastructure (CIL)

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Section 106 Agreements and Community Infrastructure Levy (CIL)

- S106 or Planning Obligations: source Town and Country Planning Act 1990.
 - Historically, S52 Agreements; now under S106
 - Used to secure certain aspects of a development which cannot be controlled by planning conditions.
 - Typically:-
 - To serve quantum and mix of affordable housing
 - Contributions, for example, to matters such as
 - Education
 - Off site sport provision / maintenance
 - Certain transport related matters
 - Certain community projects
 - Should focus on capital projects, but may include maintenance (e.g. bus subsidy; open space maintenance)
- Pressure from Statutory/Public Sector bodies to secure funds via S106 e.g. police, NHS.
- Viability

Section 106 Agreements and Community Infrastructure Levy (CIL)

- Intended to overtake S106, provide more certainty for Councils and Developers.
- In practice, coverage to sporadic
- Not always welcome in areas of low value
- Usually only levied on residential and retail
- May have differential rates
- Sites may be excluded
- Not all matters are included in CIL: therefore may have specific S106 as well

Other Agreements

- S278 Highways far off site highway works

Section 106 Agreements and Community Infrastructure Levy (CIL)

- What are the implications?
- Money = value.
- Land deals will often be net of S106/CIL so will need to consider carefully – will affect returns to owner.
- Developer may be less interested in reducing contributions if coming off land value.
- S106 can be negotiable – see comments on viability..
- CIL is not negotiable (some cases where relief may be granted).
- Need to consider timing of trigger payments; avoid up front payments to reduce funding contributions/improve cash flow.



mediation of space · making of place

