



Campaign to Protect
Rural England
Standing up for your countryside

Set up to fail: why housing targets based on flawed numbers threaten our countryside



Introduction

We know we need to build more homes. However, current Government policy puts setting ambitious housing targets above providing the right housing and making better places.

This new research shows that those targets are often arbitrary and inflated. What is worse is that local authorities are then held responsible for meeting these targets despite, for the most part, not building homes themselves. When the targets are missed, the end result can often be a loosening of local planning control which leads to precious countryside being unnecessarily lost to development while brownfield land is left untouched.

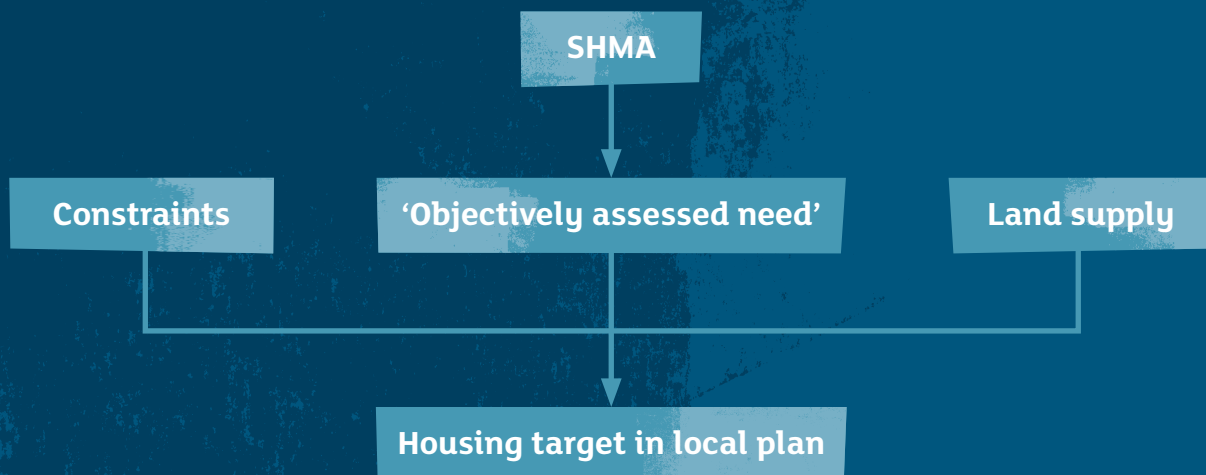
At the heart of these issues is the requirement for local authorities to identify the need for housing and then meet that need in full. The National Planning Policy Framework (NPPF) sets out how to determine 'objectively assessed housing need'. Online Government guidance in the National Planning Practice Guidance (NPPG) provides a recommended approach to deciding 'objectively assessed need' through a Strategic Housing Market Assessment (SHMA).

But CPRE's new research, summarised here, found that in effect the guidance asks local authorities to base their plans on aspiration rather than need. The result is that targets are based on made-up numbers that the construction industry has neither the will nor the capacity to meet. The situation is then made worse because if housebuilding falls below these five-year targets, the local plan that contains these targets – and protection for land not classed as suitable for housing – no longer applies.

The result is that local authorities are being compelled by national policy to release more land for development in a bid to meet the targets. Developers are then able to pick the most profitable sites, usually greenfield ones. However, they do not necessarily have the motivation or capacity to build faster. Building rates stay low; housing targets are missed; countryside is needlessly lost: the worst of all worlds.



How councils arrive at housing targets



The research findings

CPRE commissioned housing consultants to undertake an independent review of the methodologies used to determine ‘objectively assessed need’ for housing.

The main findings of the report are:

- The lack of clarity in the Government guidance means there is no clear approach to calculating ‘objectively assessed need’. This has resulted in the local plan process being delayed while large sums of money are spent on debating housing numbers at the examination of draft local plans.
- Government guidance expects SHMAs to take account of projected job growth and to adjust for this accordingly. However, projections incorporate aspirations for growth, as well as past levels of economic activity, and therefore raise the question of just how ‘objective’ the assessment is.
- Councils are required to show how their local plan will meet the ‘objectively assessed need’ from the SHMA in full, unless other policies mean this is not possible. Constraints such as Green Belt should be taken into account, as should opportunities, but government guidance does not give appropriate clarity on how constraints are to be balanced with meeting housing need. Constraints are rarely reflected in the housing targets of new local plans.
- Given the above, the housing figures in local plans are often unrealistic, and unachievable by the current housebuilding industry.
- The guidance states that SHMAs should be based on fact and assumes that their outputs are unaffected by policy decisions, aspirations and availability of finance. However, this cannot be true because past trends that the assessments reflect – including historic under supply of housing – were themselves influenced by previous policies. Assessments of future economic and employment trends are also inevitably influenced by current policy.
- The policy and guidance disadvantage rural areas by indicating that local authorities should not take account of constraints such as land availability, viability, infrastructure or environmental impacts. This means that a separate assessment of housing land availability (called a Strategic Housing Land Availability Assessment or SHLAA) has to take place at a later stage, adding avoidable time and cost to the local plan process.
- Rural areas have suffered most from the abandonment of survey-based approaches to determining housing need in general, and affordable housing need in particular. The current ‘predict and provide’ approach does not take account of housing needs derived from meaningful sub-areas and local assessments such as parish surveys and neighbourhood plans.
- SHMAs tend to finalise their figures without proper consideration of the influence of surrounding areas. When consideration is given, vital context is lost when final decisions on housing targets are made on individual districts taken out of the wider geographical context.
- The main focus of SHMAs is usually on need/demand factors, and assessment of the future need for housing does not take account of such supply-side factors as:
 - physical or policy constraints;
 - the availability of land for development;
 - the viability of residential development;
 - environmental and social sustainability; or
 - the views of local communities.

More specifically, the research found several problems i) identifying need, demand and aspiration for growth through SHMAs; ii) meeting genuine need through local plans.

i) Identifying need, demand and aspiration for growth through SHMAs:

- Guidance lacks a robust methodology: it represents a list of ingredients with no recipe.
- Terminology is confusing. For example, ‘need’ and ‘demand’ are confused to the extent that they are often treated as synonymous, which they are not.



- The implications of the growing number of older people who want to downsize to smaller accommodation but are not able to, are not taken into account. The effect of this is to inflate the need to build additional family housing, often in rural areas and at a wastefully low density, to maintain the existing balance of supply. The specific needs of other demographics, such as younger people who may wish to rent small flats, are also not adequately considered.

ii) Meeting genuine need through local plans:

- The local plan process takes a long time, particularly once it reaches submission stage. Modifications to meet housing targets are often the key area of debate. The length of time taken increases the likelihood of needing to consider new demographic evidence and policy guidance, which in turn can generate further delay. Ribble Valley is a case in point, undertaking two SHMAs, one Housing

Requirements Study and an update to that study in the five years between 2008 and 2013.

- It is clear that local authorities are effectively being required to plan for – and are held to account against – aspirational demand, rather than actual need.
- Creating higher than necessary housing targets leads to identifying additional sites that result in additional housing on inappropriate sites in the countryside.
- It is not clear what ‘need’ means in rural areas and how it can be properly assessed.

The upshot of all of the above is that current processes mean the Government, through its planning inspectors, is in practice simply taking a top-down approach to impose and enforce housing targets, despite the stated intentions of ministers for a more localist system in this regard.¹



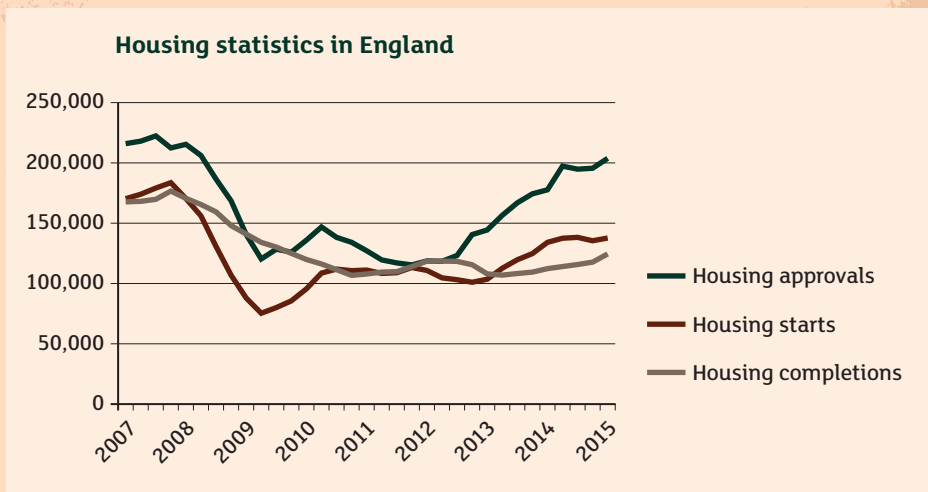
Ribble valley flood plain

¹ HM Government (2011) Laying the Foundations: A Housing Strategy for England

The cause of low house building rates

There is a general consensus that current housebuilding rates are below what is required. It is frequently argued that the main constraint is the planning process and that the amount of land that is released for development in local plans is inadequate. It is assumed that housebuilders would be able to build more if there were less regulation and more land to choose from. However, several factors – such as lack of construction skills and supplies and a reluctance to change business model – means that this assumption is deeply flawed.

The percentage of planning permissions being granted by local authorities has remained steady and is currently at around 88%. The graph demonstrates that it was the number of planning applications being submitted that slowed construction rather than overly restrictive planning departments.



The house building sector has come to be dominated by a small number of large businesses. The strategies of these firms are focused around continuing profitability rather than building housing to meet the demands

of communities. It is not in their interest to increase the number of houses on the market or to directly meet local need because this would undermine their business model.

The consequences

Although the assessments of housing ‘need’ that result from this process are clearly inaccurate, inflated and unreliable, national policy says that these figures are only a starting point in coming up with a final housing requirement.

In reality, erratic ‘need’ figures are not being balanced with sensible planning for infrastructure, consideration of environmental constraints, and realistic assessments of what housebuilders will be able to deliver.

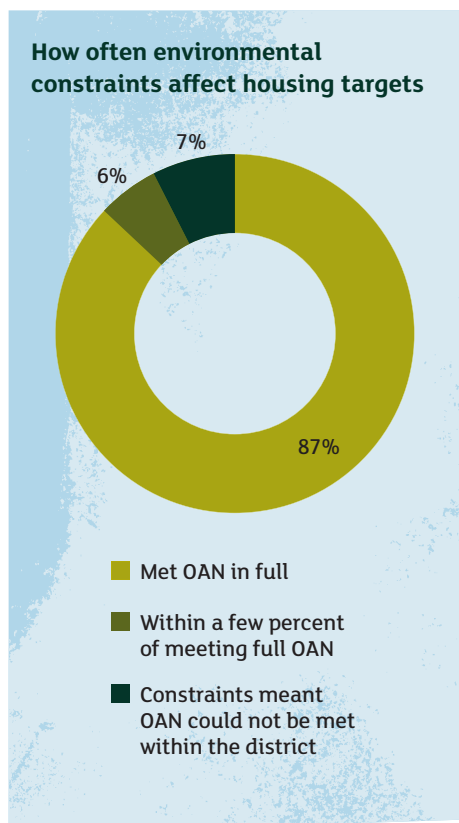
CPRE has analysed the 54 local plans adopted in the past two years that have included a new housing target. This research shows that the average housing requirement of the plans is 30% above the Government’s household projections and 50% above the average build rate (taken over the past 15 years).

The research also shows that environmental constraints are not being taken into account when determining housing targets – even though ministers insist they should be. In a letter this year Minister of State for Housing and Planning Brandon Lewis said: “plans and decisions

should take into account the different roles and character of different areas, and recognise the intrinsic character and beauty of the countryside – to ensure that development is suitable for the local context.”² The statistics, however, clearly show this is not happening: just seven of the 54 plans (13%) contain housing targets that are in part determined by environmental factors.

If we scale these figures up to a national level we find that local authorities are planning for the equivalent of 270,000 houses a year for the next 15 years. Realistically, this is a figure that is beyond the reach of the current housebuilding sector, given that it only managed to build 177,000 homes during the economic boom of 2007. The figure is even higher than the 250,000 homes a year that the Government have said is their target.

According to Government data, 242,000 houses were given planning permission in the year up to June 2015. Housing starts and completions, however, show no sign of coming close to matching this number. In fact, quarterly statistics on how many new homes have started construction shows that building rates have been static since the beginning of 2014 (around 136,000 per year) whilst the latter data shows completions are currently at 131,000. So more and more planning permissions are being granted on greenfield sites, but housebuilding rates remain the same. **The housebuilders simply build houses as they always have but with increased housing targets³ now have more sites to choose from in the countryside, where profits are larger, leaving brownfield sites that could provide 1m homes standing idle.⁴**



² <https://www.gov.uk/government/publications/letter-to-the-chief-executive-of-the-planning-inspectorate>

³ CPRE (2015) Getting Houses Built: How to Accelerate the Delivery of New Housing

⁴ CPRE (2014) From wasted space to living spaces

Case studies

Barnsley Metropolitan Council



Barnsley Metropolitan Council, which contains a large rural area, published a SHMA in 2014 to help in the production of its new local plan.

The SHMA recommends a housing figure of 1,110 dwellings per year which, based on past trends in delivery (760 per year), would require a 44% uplift in build rates. CPRE South Yorkshire's analysis of the report also found that although

a large number of houses are being planned, the vast majority of these would be unaffordable to those on low incomes.

Despite the area being heavily constrained the emerging local plan is attempting to meet the high housing targets by releasing several Green Belt sites for development.

Oxfordshire



The **Oxfordshire** SHMA, published in March 2014, suggests the need for an extra 100,000 houses in the county by 2031. This is the equivalent of two new cities the size of Oxford in just 17 years.

This could lead to roughly 200,000 more people – a 30% increase in the population, and much higher than the 10% anticipated UK population growth for the same period. The SHMA figures would mean building at virtually

double any previous rate, which is unlikely to be achieved. The housing targets in the SHMA are having a direct effect on the countryside, for example the draft Vale of White Horse District local plan proposes 1,400 houses in the North Wessex Downs AONB and 1,500 houses across four sites in the Green Belt, contrary to NPPF policy.

North Somerset Council



Communities and Local Government Secretary of State Greg Clark recently approved a planning inspector's recommendation to increase housing targets for **North Somerset Council**.

The council has been waiting for their local plan to be approved for three and a half years. The plan was given the go-ahead by a planning inspector in 2012 but the housing target was subsequently successfully challenged in the courts.

Since that time the council has done more work on their housing target and arrived at a figure of 17,000, but a planning inspector said that this should be raised to at least 21,000 to meet

figures set out in a housing assessment. Development potential in North Somerset is highly constrained by Green Belt, Areas of Outstanding Natural Beauty and areas at high risk of flooding.

This means that the council cannot show that enough houses are likely to get built over the next five years to meet the higher figure. If this situation remains unchanged, it will trigger a national policy which voids the local plan and allows developers to pounce on greenfield sites that are not currently allocated for housing. It would also likely lead to the loss of Green Belt land in the district.

CPRE's recommendations

Terminology and guidance in the NPPG needs to be reviewed, clarified and expanded to allow for more responsive assessments, specifically:

- Planning guidance in the NPPG on SHMAs must provide a clear distinction between 'need' and 'demand' and give primacy to meeting genuine housing need.
- The NPPG should be amended to include the following definition of housing need: 'The number of households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.'⁵
- Surveys of local communities' housing needs in specific areas, for example rural areas, should have a place in the SHMA process. Guidance is required concerning how these might be developed and applied.
- Guidance is required on how housing needs of rural areas can be included into assessments: by using local housing needs surveys, for example.
- There is a need to develop methodologies capable of generating demographic and housing projections at parish level as a counterbalance to 'top down' assessment.
- It is also essential to define and distinguish between different types of housing requirements: affordable, specialised and local housing need; and housing demand, consumer preferences and aspirations.
- SHMAs should be required to explicitly consider the implications of their 'objectively assessed need' recommendations for rural areas.

Local plans should be allowed to weigh up all evidence for housing need, demand and constraints on an equal basis and come to a housing target which is flexible and subject to regular review:

- The NPPF should be amended (para 14, 47 and 159) to say that when local authorities are determining their local plan housing target, in the context of need and demand, they must take account of opportunities and constraints, as well as a realistic assessment of how many homes the housebuilding sector will be able to deliver.
- Local authorities should only be required to plan for the number of homes that are genuinely needed. They may plan for more to meet demand or aspiration if they wish, but it must be made clear that this is a choice.
- There is a need to link SHMAs with SHLAAs in order to ensure that environmental and policy constraints are properly taken into account when housing requirements are set in local plans. It would help to speed up the local plan process to combine both assessments or run them concurrently.

It's clear from CPRE's work and this new research on 'objectively assessed need' that there is range of problems caused by flawed guidance and ungrounded assumption over the cause of our poor housebuilding performance.

Unless local authorities use their evidence to protect the countryside in their areas and use existing planning guidance to explain why high housing targets are not sustainable we are likely to see ever greater loss of our precious countryside.

⁵ This definition was used in Strategic Housing Market Assessments: Practice Guidance Version 2 (DCLG, 2007)



CPRE fights for a better future for England's unique, essential and precious countryside. From giving parish councils expert advice on planning issues to influencing national and European policies, we work to protect and enhance the countryside.

Our objectives

We campaign for a sustainable future for the English countryside, a vital but undervalued environmental, economic and social asset to the nation. We highlight threats and promote positive solutions. Our in-depth research supports active campaigning, and we seek to influence public opinion and decision-makers at every level.

Our values

- We believe that a beautiful, tranquil, diverse and productive countryside is fundamental to people's quality of life, wherever they live
- We believe the countryside should be valued for its own sake
- We believe the planning system should protect and enhance the countryside in the public interest



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This report has been informed by independent research undertaken by Housing Vision and Tibbalds entitled *Smarter SHMAs: a review of Objectively Assessed Need in England* which can be accessed at: www.cpre.org.uk

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