

Sevenoaks District Seniors Action Forum

Working together in the interests of people aged 50 plus

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Our view on proposed changes to the standard method of setting Housing Targets as set out in the Government White Paper 'Changes to the current planning system' published August 2020

(18th September 2020)

The Consultation document accompanying the White Paper contains a revision to the standard method of setting new housing targets. Amongst its stated aims are the need to protect the Green areas and provide more housing for the Northern Powerhouse. Having studied the revised formula and the detailed local area targets compiled by Lichfields we conclude that the application of the formula produces targets which are the direct opposite to the White Paper's stated aims. In our view the proposed formula should be scrapped and replaced by a different, better method of calculating housing needs. Our rationale for this view is as follows:-

THE PROPOSED STANDARD METHOD

The White Paper proposes a new standard method which is based on unexplained arithmetic and there is no evidence or proof that it will produce accurate outcomes. Unless this evidence is produced it should be abandoned. If the Government want housing need to be predicted by a formula they need to state why the components of such a formula have been selected and evidence that its use in 'real time' going forward will meet the different and disparate parts of the country's housing needs.

The Consultation document states:- the current methodology underestimates demand for housing in the Northern Powerhouse (page 11 b) and that there should be an increase in the overall emphasis on affordability (page 12.22). The main White Paper "Planning for the future" states that the new methodology does not yet adjust for land constraints, including Green Belt, and that "We (*the Government*) will consider further options for doing this and welcome proposals" (page 29 para 2.29).

Our Forum has made a study of 7 major cities, mainly in the North and all the 13 areas with 80% + Green Credentials - a combination of Green Belt, AONB, National Parks or SSSI :-

Targets for additional new homes p.a.

	2017 Targets current	2020 Target Proposed new	% change	
England	270,000	337,000	+25%	
England exc. London	213,977	243,468	+14%	
7 Cities	16,936	14,251	-16%	<i>Mainly in the north</i>
13 Green Areas	8,488	9,566	+13%	<i>With 80%+ Green areas</i>
<i>With these extremes</i>				
London	56,023	93,532	+67%	
Manchester	2,613	1,645	-37%	
Chiltern	343	619	+80%	

These figures expose the wide differences and variations between the two sets of formula

WORKPLACE OR RESIDENT BASED FORMULA?

The proposed new annual targets added to the ONS 2020 Household projections show:

	2020 ONS Household Projections		New households in a 10 year period		Total H/H's after 10 years		% growth over 10 year period
7 cities	1,762,962	+	142,510	=	1,905,472	+	8.1%
13 Green areas	669,992	+	95,660	=	765,652	+	14.3%

This demonstrates that the application of the proposed formula will result in a larger percentage increase in the Green areas than in the Northern Powerhouse. Detailed findings for all 20 areas studied are set out in Appendices 1 and 2.

45% of the workforce in the Sevenoaks District area commute into the District from surrounding areas. Conversely 55% of the resident workforce commute out of the district, mainly to London, and this pattern of commuting is prevalent in the Local Authorities surrounding the capital. It therefore seems illogical to use 'workplace earnings' as a base for the formula, as it includes many people who do not reside in the area.

If "earnings to house price" must be built into any formula it is more appropriate to use "Resident based" data.

Examples of how the formula proposed in the White Paper is not fit for purpose can be clearly seen by its application to the City of London and Westminster, and comparing these to Newcastle and Sheffield:-

	Population	House-holds	Full time workers	Median House Price	Target for New Homes p.a.		
					2017 Formula	2020 Formula	% difference
City of London	8,709	4,300	483,300	£920K	114	116	+1.8%
Westminster	260,017	120,000	559,100	£1m	1,495	5,750	+285%
Sevenoaks	120,895	50,000	32,500	£339K	711	820	+15.3%
Newcastle upon Tyne	301,749	124,000	122,200	£165K	1,036	774	-25.3%
Sheffield	586,490	244,582	170,300	£160K	2,991	2,745	-8.2%

Applying the proposed 2020 targets over a 10 year period Westminster grows by 57,500 new homes i.e. +48%, Sevenoaks by 8,200 (+ 16.5%) and Newcastle by 27,450 (+ 6%).

LAND PRICES SHOULD BE TAKEN INTO CONSIDERATION

With residential building land at £136m per hectare in Westminster compared to £8.3m in Sevenoaks and about £1m in Newcastle it is hard to fathom how the use of this formula will maintain or reduce new housing costs in Westminster and Sevenoaks or the 13 most green areas in England.

There is a closer relationship between house prices to land prices, than there is for earnings – See Appendices .

HOW THE USE OF RESIDENT BASED EARNINGS PROTECTS GREEN AREAS

If the Government insist on a formula then logic suggests we use a 'resident based' formula. This would result in a reduction of 19% in the targets across the 13 Green areas - see Appendix 4.

For Sevenoaks the annual target would become 625 new homes p.a. compared to 820 p.a. in the White Paper proposal.

If implemented across the full 16 years of the current Local Plan 2019-35 it would deliver 9,984 new homes which is more in line with the Sevenoaks District Council expectation that they can only deliver 9,956 and not the 13,120 that would be required using the workplace based earnings formula.

THE PURPOSE OF THE GREEN BELT- is being disregarded

If the targets produced by the new formula are applied to 2019-35 (the period of the current Sevenoaks District Local Plan) the number of households across Sevenoaks, Tonbridge Wells would increase by 46,000 new homes, equivalent to the same number of homes which currently exist in Sevenoaks.

This would not be in keeping with the National Planning Policy for protecting Green Belt Land (para 134) :- which serves 5 purposes

- a) To check the unrestricted sprawl of large built-up areas
- b) To prevent neighbouring towns merging into one another
- c) To assist in safeguarding the countryside from encroachment
- d) To preserve the setting and special character of historic towns; and
- e) To assist in urban regeneration, by encouraging the recycling of derelict and other urban land.

The proposed 2020 standard method of assessing local housing need fails on 3 major issues :-

- **It results in large increases to the number of additional new homes in Green areas**
- **It will not control prices where residential land prices are highest**
- **It does not support the Northern Powerhouse**

This new formula should be scrapped and a new method prepared so that it meets the stated objectives in the White Paper of 6th August 2020.

APPENDICES

1. Forecasts for 7 major cities (mainly Northern Powerhouse) are below the All England Average.

2. Shows all 13 areas with 80% Green credentials

3. Workplace or Resident based earnings ratios? Best to use the data for where people choose to live. Cost of residential land is a bigger factor in relation to house prices than earnings

4. Resident based targets compared to Workplace based