RESPONSE TO CONSULTATION: CHANGES TO THE CURRENT PLANNING SYSTEM

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Section 1. The Consultation

The Ministry of Housing, Communities and Local Government is consulting on Changes to the current planning system. This consultation includes a new formula for the calculation of housing numbers which will apply to local plans submitted to the planning inspector 9 months after the changes come into force.

This means that this new formula will apply to the revised Teignbridge local plan.

Details of the consultation and how to respond can be found here:

https://www.gov.uk/government/consultations/changes-to-the-current-planning-system

1.1 What the consultation asks

The consultation covers:

- New formula for the calculation of housing numbers
- Delivering First Homes
- Support for Small and Medium sized developers
- Extension of the permission in principle regime
- Brownfield Land Register

1.2 New formula for the calculation of housing numbers

The first 7 questions of the consultation relate to housing numbers.

Of these the last two questions relate to the timetable for exemption from the new requirements. We have not developed responses to these questions.

Section 2. Our Response to the first 5 questions

Q1: Do you agree that planning practice guidance should be amended to specify that the appropriate baseline for the standard method is whichever is the higher of the level of 0.5% of housing stock in each local authority area OR the latest household projections averaged over a 10-year period?

Our response:

We do not believe that setting headline targets for new housing numbers is appropriate. It is a crude method which can only achieve one objective, namely to increase the number of houses built. Using historic data to predict housing projections is deeply flawed as it assumes the future will be a continuation of the past.

Instead, we believe that the government should set a vision or objective of what it believes the housing landscape should look like in the next 10-50 years. We face many challenges, immediate (pandemics), medium term (economic) and long-term (Climate and Ecological). It is therefore essential that we become smarter in how we structure our housing market to meet these challenges, rather than continue to chase short term, disjointed policies.

Once these objectives are set, a national spatial planning exercise should be undertaken. This should identify development zones which include economic, housing and infrastructure objectives/requirements. Such planning must of course also take account of Climate and Ecological constraints as well as getting the buy-in of the communities they impact. Only then can longer-term housing numbers be allocated to regions, which will need a degree of flexibility to allow for unforeseen events.

What we must avoid at all cost is to use house building as a way to stimulate economic growth. Building houses has far reaching ramifications which go beyond the simple economic stimulus provided during the build phase. Furthermore, there are many examples of government setting headline targets which have resulted in seriously undermining the improvements sought. Number of

The different ONS household projections demonstrate a puzzling degree of variation in the numbers. In England for example:

- 2014 household projections predict growth of 2.14 million between 2020 and 2030 representing about 290,000 new houses annually;
- The 2018 household projections predict growth of 1.60 million for the same period representing about 209,000 new houses annually.
- Using the new formula with the affordability factor based on the 2018 projections for the period 2020 to 2030 would result in 326,000 new houses per year.

In the case of Teignbridge, the new formula would result in a requirement for 1,532 new houses annually, whereas the current formula requires 760. Please refer to our detailed Analysis of Housing Numbers for Teignbridge.

The ONS 10 year household projections for Teignbridge have changed from 5,403 in the 2014 projections to 7,920 in their 2018 projections. The equivalent population increases, assuming the same household occupancy rate, were 9,300 and 13,283 respectively. In comparison, the actual growth in population for the 4 years is shown in the following table:

Year range	Actual increase	ONS projected for next period (average for 4 years)
2010-2014	3,000	3,700 for 2019-2023
2014-2018	5,500	5,312 for 2020-2024

It is clear from the table above that the ONS projections are merely reflecting recent population growth. This type of baseline growth forecasting is totally inappropriate as it results in exponential growth in those areas that have exceeded their original population/housing growth targets. And of course, vice versa for those that fail to meet their allotted targets.

In Teignbridge, there has been substantially more building in the last decade than the previous one. Yet houses remain unaffordable to anyone on median earnings working in Teignbridge. This is primarily because most houses were bought by within UK migrants wanting to move to the South West and prepared to pay the premium developers and estate agents can demand. Please refer to our response to Q3 for Teignbridge demographics.

In the case of Teignbridge, the dramatic increase in new house building over the past decade has not resulted in lowering house prices. It has also not brought the economic benefits promised, certainly not to the local community it was meant to help. Instead it has contributed to greater congestion, more commuter dormitory developments and an increase in the age and economically inactive profile of the population.

Q2: In the stock element of the baseline, do you agree that 0.5% of existing stock for the standard method is appropriate? If not, please explain why.

Our response:

0.5% of housing stock seems to be an inexplicable requirement other than building houses for the sake of it. This will require building houses even if the number of new households falls below that threshold, resulting in unoccupied buildings.

Given the proposed new formula, it would be extremely unlikely that no new houses are built in an area. That is unless there is a collapse in population or economic growth brought about by a major catastrophe which is later reflected in zero/negative ONS household projections. See our response to Q5 for evidence of this.

Q3: Do you agree that using the workplace-based median house price to median earnings ratio from the most recent year for which data is available to adjust the standard method's baseline is appropriate? If not, please explain why.

Our response:

We do not agree that workplace-based median house price to median earnings ratio is the most appropriate adjustment.

In Teignbridge, 76% of household growth is accounted for by heads of household 65 years old and over. Of the remaining 24%, many commute to neighbouring Exeter. Furthermore, most house purchases in Teignbridge are forecast to be made by pensioners from other parts of the UK.

This 'adjustment' will double an unprecedentedly large housebuilding programme. This is simply because Teignbridge has a high level of residents who are economically inactive and most of those that are economically active work outside the district. Yet the median earner cannot and will not afford the house prices irrespective of how many new homes are built.

We do welcome the government's intention to improve affordability of housing, new build or rental. Several studies have shown that house prices are not simply a result of supply/demand market forces. The government could achieve its objective of making housing more affordable, especially to those of lower income, through much simpler and more targeted policies. Policies to raise wages for the lower earners, increased social housing, disincentivising housing as a financial investment and putting an end to land banking by developers would go a long way to addressing this intention.

At the very least, any adjustment based on earnings should reflect all household income in an area. Selecting a single cohort could result in inappropriate adjustment factors as is the case for Teignbridge and probably most rural areas with a high percentage of economically inactive households.

Such inappropriate location of large numbers of new housing is likely to result in greater commuting miles for those who cannot find housing close to areas of high employment. As we stated in our response to Q1, housing numbers and location is not going to be addressed by a simplistic formula, however progressive it sounds.

For Teignbridge, about 45% of all GHG emissions come from A roads and Motorways, a significant proportion of these emissions are a result of commuting. To be consistent with the UK's commitment to the Paris agreement on GHG emissions, this policy shouldn't encourage an increase in GHG emissions.

Q4: Do you agree that incorporating an adjustment for the change of affordability over 10 years is a positive way to look at whether affordability has improved? If not, please explain why.

Our response:

We do not agree. Looking at affordability now and 10 years ago gives too much weight to affordability in a particular year. Using 2019 as an example, affordability was untypically low in 2009 compared with the preceding 2 years because of a drop in house prices around the financial crisis, and slow recovery in the housing market after this.

In Teignbridge, over the last 3 years affordability dropped (improved) slightly, but over the period 2007 to 2009 it dropped far more. In this scenario affordability in 2017 was 10.89 and in 2007 was 9.9 (difference 0.99), by 2019 it had fallen to 10.51 but in 2009 it was 8.4 (difference 2.11).

In the case of the examples above a simple affordability change over 10 years would not reflect the recent improvement in affordability.

If the proposed affordability comparison principle is retained, it should at the very least be based on a trend line over a several years leading up to the current year. This would reduce effects caused by peaks and troughs in a particular year. Additionally, incorporating the difference between district and national affordability would isolate local from national shifts in affordability.

There are many other ways of calculating this, most of which would be more representative of local trends in affordability.

Q5: Do you agree that affordability is given an appropriate weighting within the standard method? If not, please explain why.

Our Response:

Affordability is given too much weighting.

The new formula using 2018 projections for 2020 to 2030 gives 326,000 houses per year. If household growth projected by the ONS over the next 10 years is 1.6 million, why do we need over 3 million houses over that period?

Building more houses than is needed has consequences, not least on GHG emissions. If each house is traditionally built and of average size, then there will be about 60 tonnes of embedded GHG emissions associated with its construction. Therefore, there will be 8.4 million tonnes of unnecessary GHG emissions per year as a result of building 1.4m excess houses. UK net emissions for 2019 were 351.5Mt, so the excess emissions from unnecessary housebuilding could add 2.4% to UK emissions year on year.

If these excess houses were to be occupied, with the resulting reduction in the average occupancy rate, annual GHG emissions will increase even further as additional households are formed. Given all the challenges we face, it would be more appropriate to encourage an increase in house occupancy, by only building where there is a real need.

Rather than artificially inflating the building of new housing, a more appropriate policy to stimulate the housing market would be to focus building sector resources on retrofitting existing buildings so that these are as energy efficient as possible.

We would also like to highlight the fact that the historic constant (4) is still used in the calculation. This means that very few districts (Copeland, Barrow-in-Furness and Hyndburn, 3 out of 317) do not require new houses due to affordability. In 2019 England's affordability was 7.83, why was this constant not used instead of 4?

The proposed additional affordability multiplier (comparison with 10 years ago) further inflates baseline projections giving even greater unexplained weighting. At the very least affordability weighting should result in an overall housing increase equal to the baseline.