

Consultation on a new methodology for calculating housing targets - INITIAL COMMENTARY by CPRE Oxfordshire, September 17

The Government has published a consultation on plans to change the way housing targets are calculated. The consultation runs until 9 November. See:

<https://www.gov.uk/government/consultations/planning-for-the-right-homes-in-the-right-places-consultation-proposals>

In summary:

- a) Household growth projections would be used as the demographic baseline for every local authority area.
- b) A multiplier for less affordable areas will then be added - in areas where house prices are more than four times average earnings, the multiplier would increase the housing need figure by 0.25 per cent for each one per cent the affordability ratio rises above four.
- c) There will be a cap on the level of any increase - for authorities that have adopted their local plan in the last five years, the new annual local housing need figure should be capped at 40 per cent above the annual requirement figure set out in their local plan.

Impacts for Oxfordshire

The potential impacts for various Oxfordshire Districts are set out in a table overleaf.

Extrapolated over the SHMA period of 20 years (2011-31) - the Oxfordshire-wide 100,000 target would potentially come down to a far more realistic 68,300 (although still the equivalent of increasing every settlement by over 20% across the time-period).

District	Housing Targets, Oxfordshire Strategic Housing Market Assessment 2014 (per annum)	New proposed methodology (per annum)	% change	Affordability ratio	Protected land (Green Belt/Areas of Outstanding Natural Beauty)
Cherwell	1,142	762	-33%	11.96	15%
Oxford City	1,400 (1,200-1,600)	746	-47%	9.25	29%
South Oxfordshire	775 (725-825)	617	-20%	11.84	65%
Vale of White Horse	1,028	689	-33%	11.26	38%
West Oxfordshire	660 (635-685)	601	-9%	9.32	37%
OXFORDSHIRE TOTAL	5,005	3,415	-32%		

The 'Committed Economic growth' scenario

The methodology does however propose to allow local authorities to take a conscious decision to increase these numbers to reflect particular ambitions.

Para 46 says: 'Plan makers may put forward proposals that lead to a local housing need above that given by our proposed approach. This could be as a result of a strategic infrastructure project, or through increased employment (and hence housing) ambition as a result of a Local Economic Partnership investment strategy [...] To facilitate this we propose to amend planning guidance so that where a plan is based on an assessment of local housing need in excess of that which the standard method would provide, Planning Inspectors are advised to work on the assumption that the approach adopted is sound unless there are compelling reasons to indicate otherwise. We will also look to use the Housing Infrastructure Fund to support local planning authorities to step up their plans for growth, releasing more land for housing and getting homes built at pace and scale...'

Oxfordshire District Councils may try and exploit this caveat to continue to push for a forced economic growth strategy for the county.

CPRE Oxfordshire commentary



The Government has at last recognised that its own household projections are the best reflection of actual housing need.

CPRE has long argued that there should be a clear distinction between actual local need and the arbitrary figures arrived at in notional growth strategies. We therefore very much welcome this move which could, at a stroke, return Oxfordshire to more sensible and achievable housing targets. If carried through, this could enable many of our more controversial housing allocations to be removed, such as those in Green Belt and Areas of Outstanding Natural Beauty. Rather than fighting off ridiculous and inappropriate allocations, we could all get back to concentrating on creating high quality, high density developments and building sustainable communities.



If our local authorities choose to add on economic growth targets it will be clear and transparent that they have done so. They will be unable to pass them off as “need”, with all the connotations that surround the word.

The current growth targets in Oxfordshire (which add approximately 1,400 houses per annum to the current housing numbers) have never been subject to public consultation and are generally presented as a done deal. CPRE Oxfordshire has consistently campaigned around the current lack of democratic input, and therefore welcomes this increased transparency.



The proposed new methodology makes the calculation of housing figures much simpler.

This should save taxpayers' money by removing the need to use consultancies such as GL Hearn (authors of the Oxfordshire SHMA). These consultancies are generally involved in property development and could be argued to have a vested interest in ensuring that figures are as high as possible.



Simply building more houses will not bring down prices, so linking housing numbers to affordability is a deeply flawed approach.

Building more houses would only bring down prices if builders were to flood the market with houses ie building more houses than they can sell. They will clearly *not* do that for

fear of destroying their own market. Market forces will in fact work the other way. If more land is provided than builders feel they can profitably use, they will build out the most desirable bits first (green fields and Green Belt) and leave the brownfield sites.

Kate Barker, economist to Gordon Brown and a governor of the Bank of England in her famous advice on the housing market¹, explained that since on any day there would be more existing houses for sale than new ones, house prices would be set by existing houses. She said that no conceivable amount of new build could do other than at most affect the rate at which house prices inflated.

Therefore, the likely effect of the proposed new formula, which seeks to rig the market, will, as with the Oxfordshire SHMA, serve only to create five year supply problems as builders decline to take up many of the sites the formula forces Councils to offer them, thus leading to planning by appeal, effectively an open market.

Whilst there is undoubtedly a problem with the supply of genuinely affordable housing, especially in rural areas, simply upping targets and releasing more land is not the solution.

Instead, the Government should be looking at solutions such as:

- encouraging higher housing density, thereby reducing land take and forcing developers to build smaller, starter homes;
- enabling Councils to acquire land and build; and
- supporting alternative housing delivery models such as community land trusts and community-led housing.

(CPRE Oxfordshire's joint response on affordable housing issues to the Housing White Paper 2017 is available [here](#))

The Way Ahead

In light of this new proposed methodology CPRE Oxfordshire is calling on local authorities to:

- a) **Call a temporary halt to all Local Plan proceedings currently underway - to avoid surplus allocation of land which allows developers to cherry-pick the 'best' sites.**
- b) **Update the Oxfordshire SHMA, based on the new methodology.**
- c) **Ensure any proposed uplift for economic growth ambitions should be subject to full democratic consultation.**

¹ Barker Review of Housing Supply Final Report 2004 - https://web.archive.org/web/20080513212848/http://www.hm-treasury.gov.uk/consultations_and_legislation/barker/consult_barker_index.cfm#report

- d) Take this opportunity to draw a line under the diverse Local Plans and **commit to the production of a Joint Spatial Plan** which is already under discussion by the Oxfordshire Growth Board. This would allow the proper consideration of the cumulative environmental and social impacts of development across Oxfordshire, including the need to take into account land constraints such as Green Belt and Areas of Outstanding Natural Beauty.

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