



THE NEW STANDARD METHODOLOGY FOR CALCULATING HOUSING REQUIREMENT IMPLICATIONS FOR LEICESTER AND LEICESTERSHIRE

A Recipe for Catastrophe CPRE Leicestershire

A Looming Catastrophe

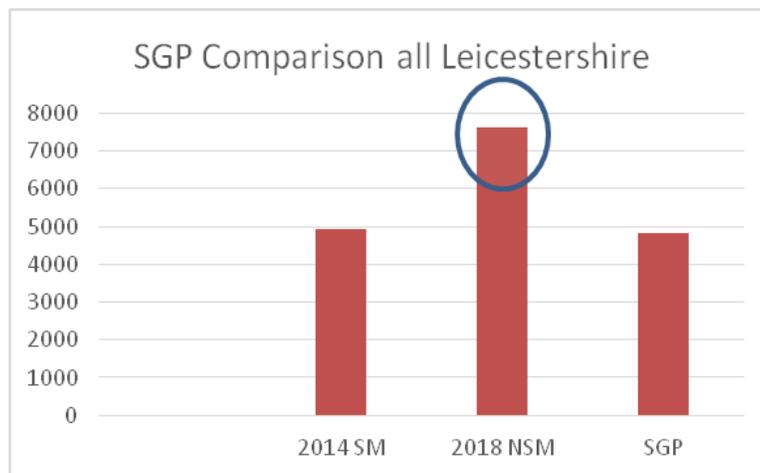
The Government is proposing a radical shake up to the Planning System which could affect many rural communities and drastically reduce the opportunities for communities and individuals to influence planning decisions. These changes are contained in 'Planning for the Future'.

More insidiously they are proposing changes to the calculations for how much local housing is needed in a cynical bid to reach their arbitrary national target of 300,000 houses a year, which is politically motivated and no longer based on evidence of need.

Even worse, they are doing it in a way which will ensure more housing is likely to be built on poorly located estates in the countryside, undermining urban regeneration while failing to deliver either affordable housing or to address climate change.

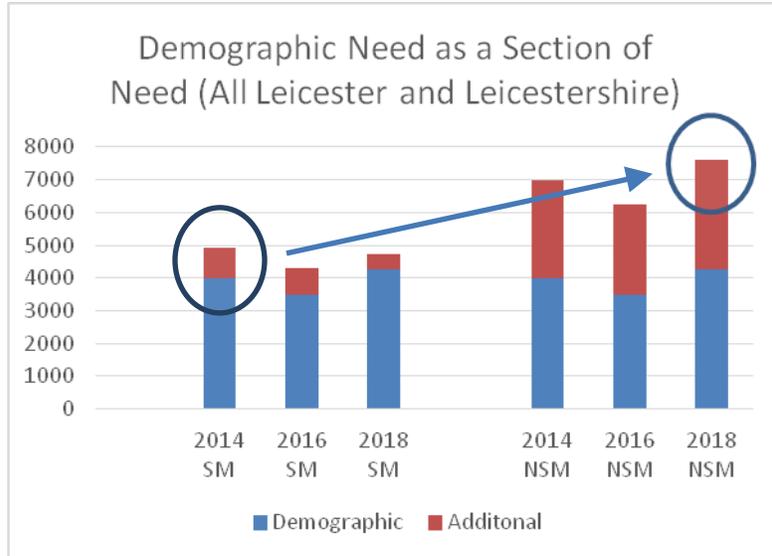
The overall impact for Leicestershire would be:

1. New Housing requirements which are 57% above the already controversial Strategic Growth Plan.

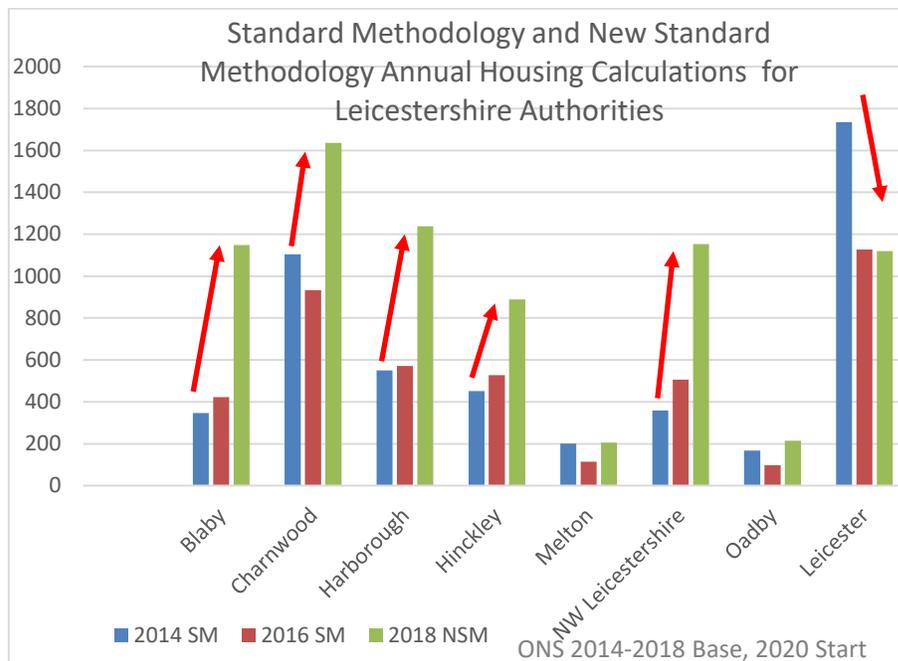


Annual Housing Requirement
 SM = Standard Methodology
 NSM = New Standard Methodology
 SGP = Strategic Growth Plan

2. New Housing requirements which are nearly 80% above genuine need.



3. A dramatic shift in housing out of Leicester into the surrounding Countryside.



As can be seen, five out of the eight Leicestershire Districts show a huge increase in annual housing requirement under the new methodology, whereas the total for Leicester City shows a large corresponding fall.

Far from protecting the countryside and encouraging urban regeneration, the politically driven target would lead to unsustainable and unaffordable housing, poorly located in the Leicestershire countryside.

It is in simple terms a looming catastrophe for Leicester and Leicestershire.

Planning for the Future

The Government's radical shake-up of planning is set out in the 'Planning for the Future' consultation¹. It would mean that the ability of communities to respond to planning applications would be drastically reduced and areas of land designated in local plans for Growth would get almost automatic planning permission.

Moreover, because there is no designated Green Belt or Areas of Outstanding Natural Beauty (AONB) in Leicestershire the most important landscapes, such as High Leicestershire, could be designated as so-called 'growth' areas where development would only have to meet Design Codes.

However, there is a more insidious process which could turn this disaster into a catastrophe. In a parallel technical consultation paper the Government proposes to change its method of calculating the local housing requirement.²

This would result in national and local housing targets which are increasingly disconnected from actual housing need; which are almost impossible to challenge; and which allow developers to cherry-pick green field sites.

In the case of Leicester and Leicestershire the new housing requirement would be nearly 80% above the genuine need. The increase would be entirely outside Leicester. The housing requirement in many more rural local authorities would even exceed what is planned in the controversial Strategic Growth Plan (SGP) by 57%.³

As well as the destruction of even larger swathes of countryside than in the SGP, this would undermine the regeneration of Leicester and other towns in the county, while creating isolated, car-dependent settlements. As well as undesirable social impacts this would hamper goals to reduce carbon emissions and fail to provide the affordable housing needed, especially given proposed changes to funding for affordable housing.

In particular, even more people would have to get into Leicester on heavily congested routes where public transport improvements would be very difficult to achieve at a level which would compensate for this increase in traffic.

This is how this insidious process would work.

Changes to the Planning System.

Governments traditionally base housing need on projections made by the Office for National Statistics. The 2014 demographic projections of approximately 220,000 new households a year was below the Government target to build 300,000 homes per year

¹ <https://www.gov.uk/government/consultations/planning-for-the-future>

² <https://www.gov.uk/government/consultations/changes-to-the-current-planning-system>

³ <https://www.llstrategicgrowthplan.org.uk/wp-content/uploads/2019/01/Final-LL-SGP-December-2018-1.pdf>

nationally. The 2016 projections only amounted to 165,000 households, because it appeared the population was growing more slowly than expected and because, among other things, households were not getting smaller at the predicted rate.

Instead of changing its target the Government told Councils simply to ignore the latest evidence. The most recent 2018 housing projections confirmed a similar position. However, because of changes in data which are used to gauge how people move between regions and authorities in the UK, those projections redistributed the figures between local authorities. This led to more housing being directed at the Midlands and, in particular, at more rural areas.

The 2018 projections of 164,000 homes, however, still did not justify the Government's aspiration for 300,000 homes per annum, even when a modest 'affordability adjustment' was added through the Government's Standard Methodology for calculating local housing requirements. In Leicester and Leicestershire that process currently adds about 20% to the total need across the county.

So, the Government is now proposing to change the way a Local Authority's housing requirement is calculated in two ways. The aim is simply to meet its political target of 300,000 homes. The changes do not encourage urban regeneration or the construction of affordable housing, whether in Leicestershire or more widely, and are not supported by the ONS projections.

Firstly, the proposed new Standard Methodology calculation would only rely on household projections if they are greater than 0.5% of the stock in a local authority. The Government claims that (Para 25):

'Basing the approach on stock also helps to reinforce development in existing urban areas, thereby ensuring that new homes can maximize existing infrastructure such as public transport, schools, medical facilities and shops.'

This is simply not true. The requirement in large areas, such as Leicester, is unaffected. It is the small authorities with lots of houses but lower housing growth (such as Oadby) where the figures are increased by this stipulation.

Secondly, the Government propose to change the 'affordability adjustment', adding in a formula based on affordability changes over the last ten years. As a result, areas with the steepest house price rises since the recession in 2009, (such as Harborough), get the highest adjustment whether or not this is the best place for that housing.

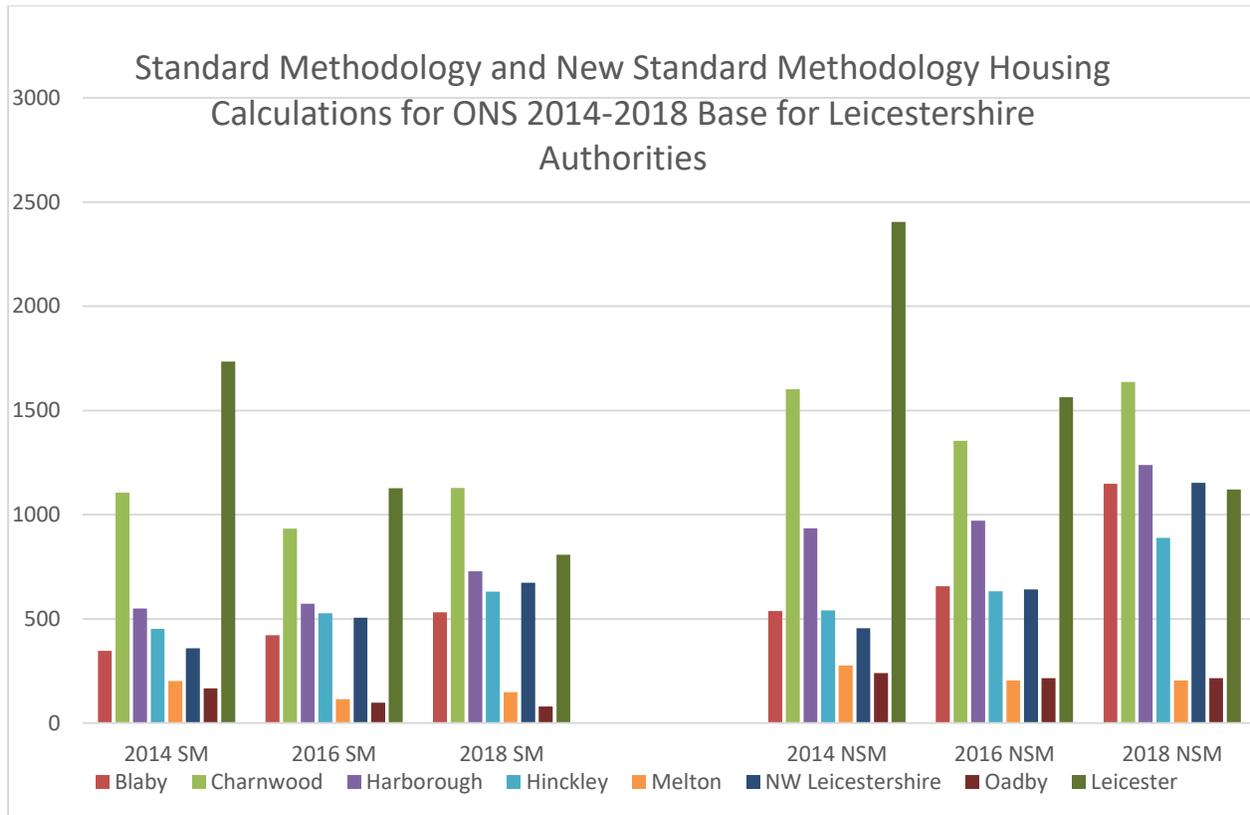
The overall impact for Leicester and Leicestershire would be:

1. New Housing requirements which are 57% above the Strategic Growth Plan.
2. New Housing requirements which are nearly 80% above genuine need.
3. A dramatic shift in housing out of Leicester into the surrounding countryside.

Far from protecting the countryside and encouraging urban regeneration, the politically driven target would lead to unsustainable and unaffordable housing, poorly located in the Leicestershire countryside.

Appendix: Detailed Comparison of New and Old Standard Methodology Housing Calculation

The table below shows the Housing Requirement for the Leicestershire Districts using the 2014, 2016, and 2018 Office of National Statistics (ONS) figures. The ones on the left use the current Standard Methodology (SM) while those on the right use the new consultation Methodology (NSM).



All figures are taken from ONS and Government Statistics apart from the Local Plan Housing totals (used for the current SM's 40% cap on current plan number which is not in the new SM). Those are from the Nathaniel Lichfields and Partners' (NLP) website.⁴

⁴ Housing Projections 2018/2016 and Variant: (Page 406) found at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationprojections/datasets/householdprojectionsforengland>

Housing Projections 2014: (Page 406) found at:

<https://www.gov.uk/government/statistical-data-sets/2014-based-household-projections-detailed-data-for-modelling-and-analytical-purposes>

House price to workplace-based earnings ratio 2019 (Table 5c) found at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian>

Dwelling stock (including vacants) (Table 125) found at:

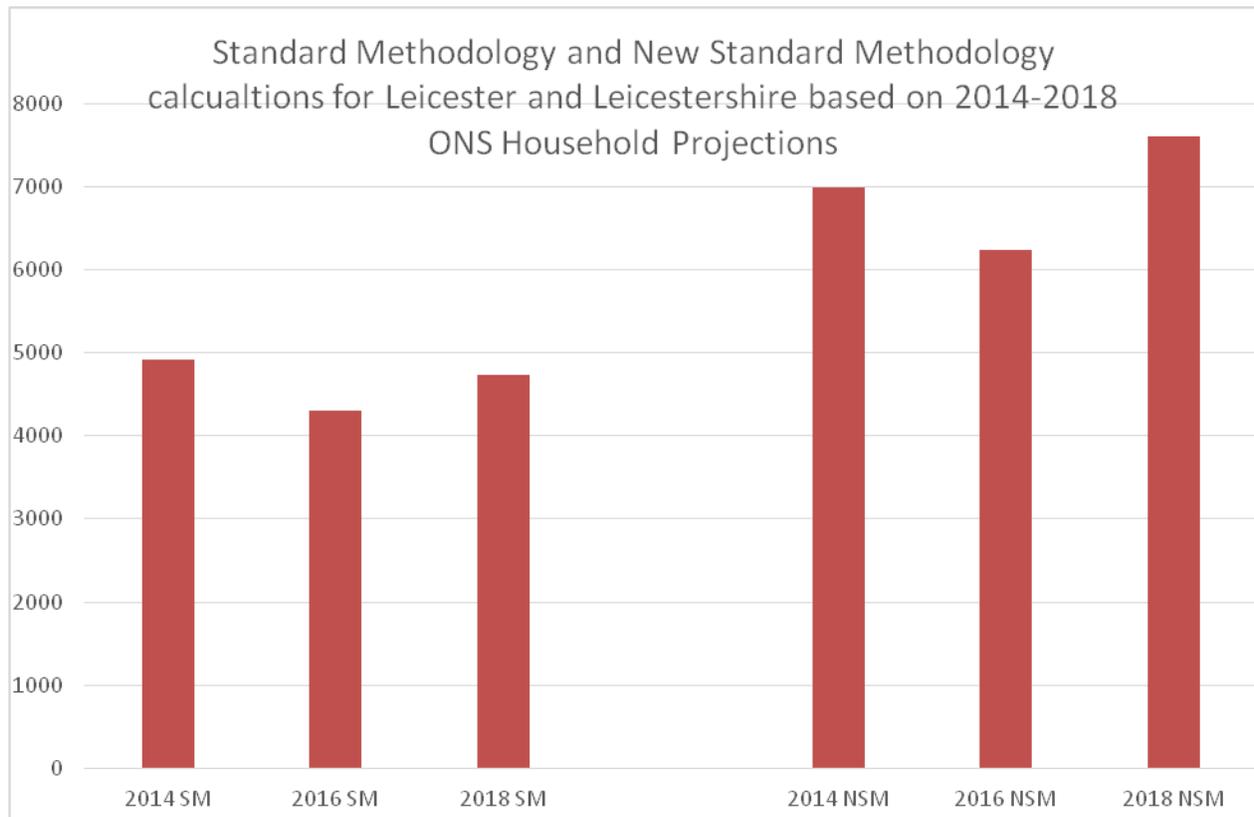
<https://www.gov.uk/government/collections/dwelling-stock-including-vacants>

Current Local Authority Plan Housing Numbers found at:

<https://lichfields.uk/grow-renew-protect-planning-for-the-future/how-many-homes-the-new-standard-method/#section8>

The figures are all based on the 2020-2030 timeframe and the 2019 affordability figures. My results match with NLP.

The total for the whole of Leicester and Leicestershire is shown below.



Under the Government's current Standard Methodology Local Authorities are required to use the 2014 ONS figures but the new methodology is based on the 2018 figures so these are the two key comparators.

Two things are immediately apparent when comparing the graphs for Leicester and Leicestershire:

1. The overall increase in the housing requirement across Leicester and Leicestershire.
2. The shift in the balance of the housing requirement away from the City of Leicester to the Districts in the County.

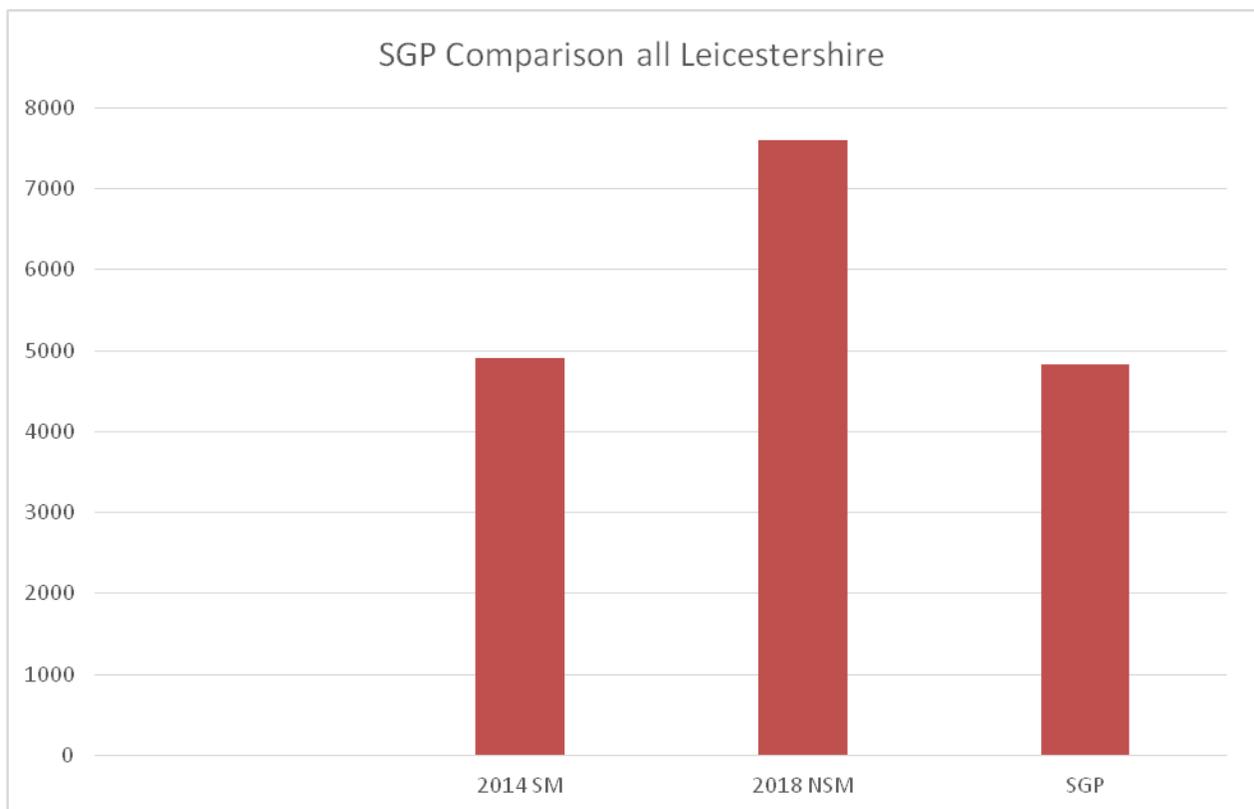
The shift to housing in the Districts is partly a result of the new formula but also because the 2018 ONS housing figures result from changes in internal migration assumptions which shift housing more generally into the Districts.

This belies the claim in the current Planning Consultation (Para 25) that:

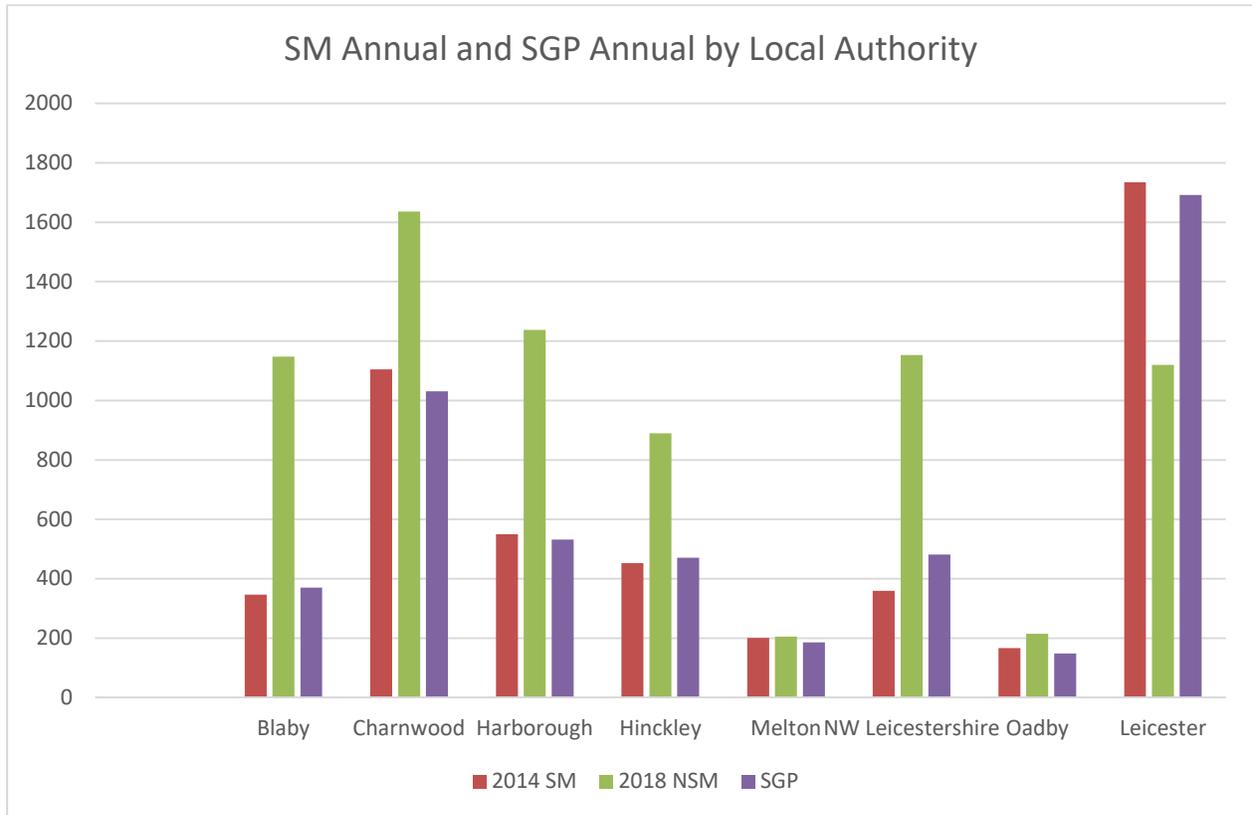
Basing the approach on stock also helps to reinforce development in existing urban areas, thereby ensuring that new homes can maximise existing infrastructure such as public transport, schools, medical facilities and shops.

The national NLP table seems to confirm that the new methodology increases development in more rural local authorities and work done for CPRE elsewhere appears to confirm this.

Below we include comparisons of the two key outputs (2014 SM and 2018 NSM) with the current Strategic Growth Plan housing numbers. The source for those is the Housing and Economic Development Needs Assessment by GL Hearn, January 2017.⁵ As can be seen from the tables the new methodology would substantially increase the housing requirement above the SGP figures and move it away from Leicester.

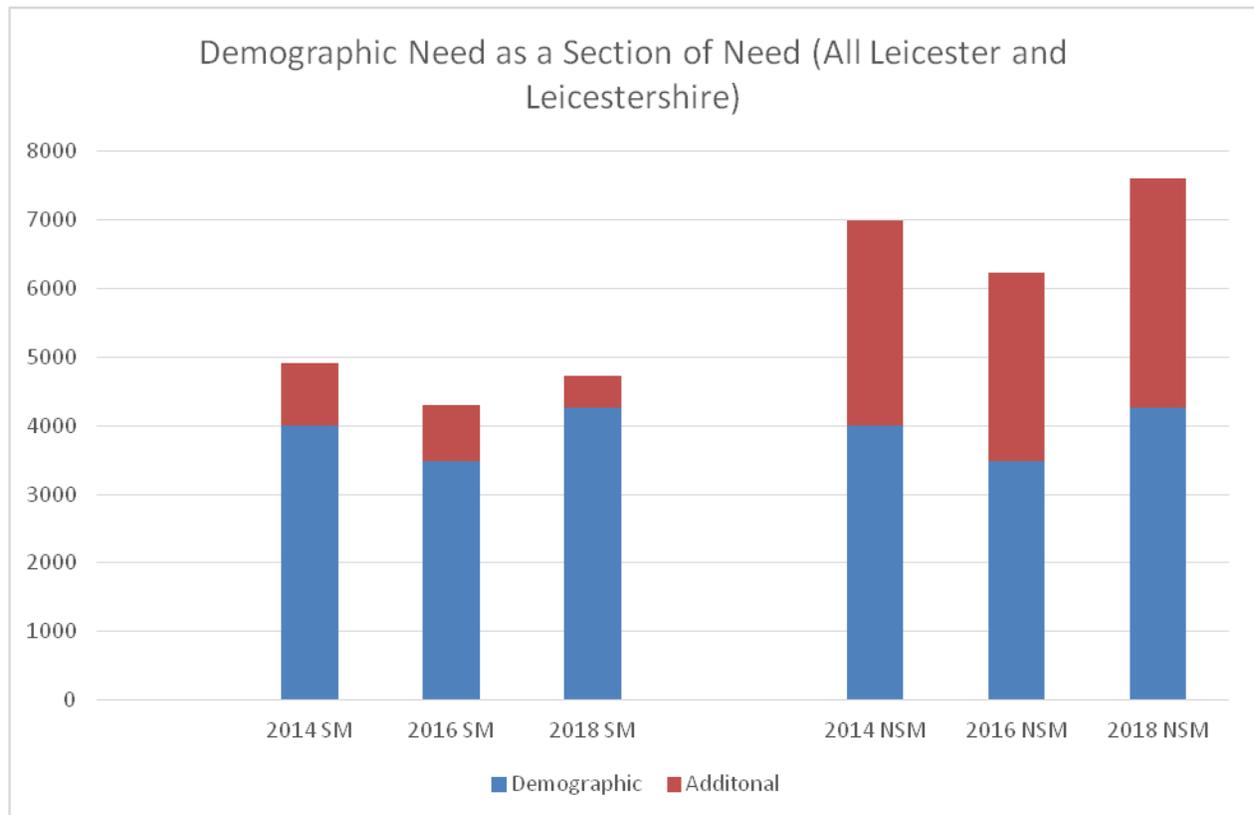
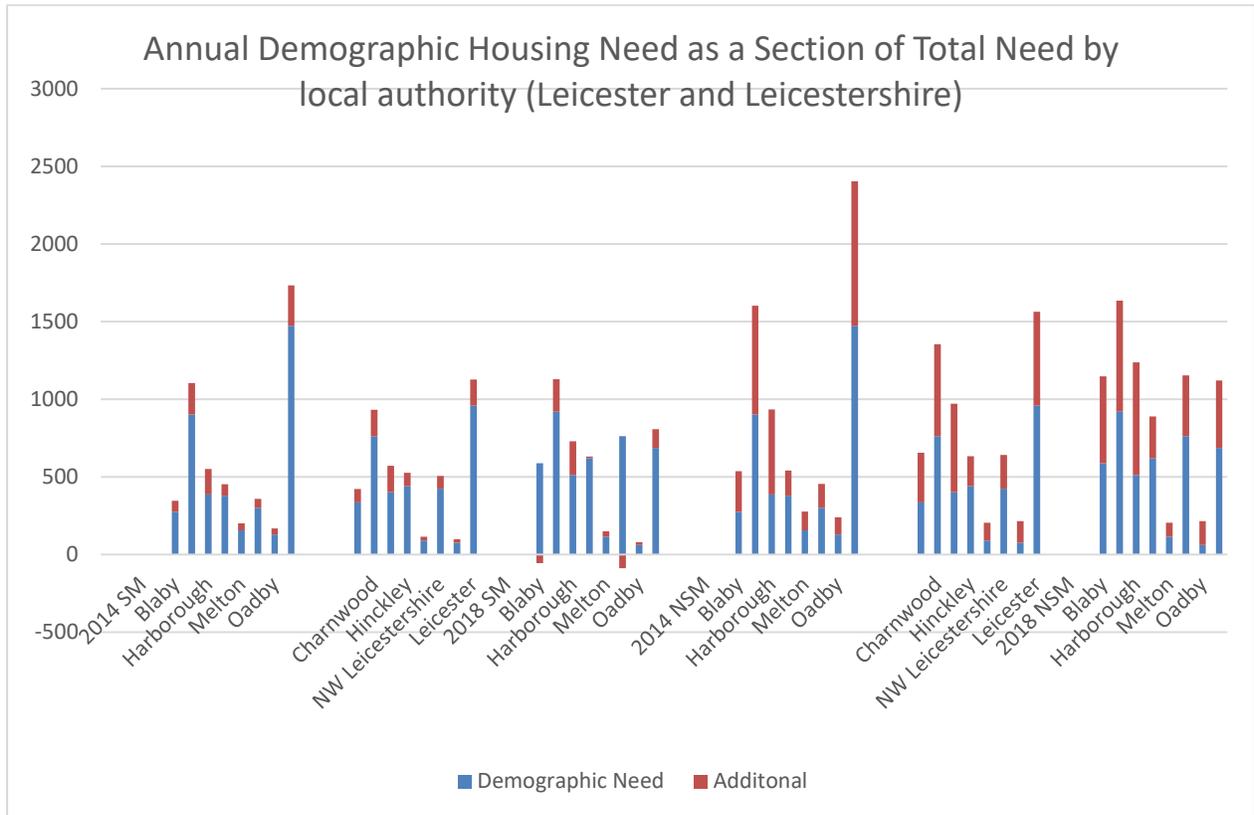


⁵ <https://www.llep.org.uk/strategies-and-plans/housing-economic-development-needs-assessment/>



A further two tables show the ONS’s annual demographic projection for each local authority across the County compared with the ‘non-demographic’ additions. This confirms how much the current Standard Methodology is increasing the divorce between actual demographic need and housing requirements.

(It should be noted that in the 2018 SM section provision in Oadby and Blaby is slightly below demographic need. This anomaly is a result of the 40% cap.)



A final table shows the percentages of additional housing generated for Leicester and Leicestershire. In the current methodology 22.91% of housing is above demographic need whereas in the updated version 78.41% of housing is above demographic need. In other words, not only is the Government's proposed approach shifting housing into the countryside in Leicestershire, but not far short of half that housing is not actually needed to meet the genuine need of households.

