

Written evidence submitted by Homes for the North [FPS 166]

Subject **Commentary on the Proposed Changes to the Standard Method December 2020**

1.0 Introduction

- 1.1 This note summarises the impact of the Government's response to the proposed changes to the Standard Method published on the 16th December 2020. This will be referred to as SM 3, the original Standard Method will be referred to as SM 1 and the Standard Method consulted on in September SM2.
- 1.2 This note provides a summary of the response to the consultation and the implications for local housing need across the North of England identified by the Standard Method.

Response to the Consultation on Proposed Changes to the Current Planning System

- 1 The Government will not proceed with the changes which were proposed to the Standard Method and consulted on in September 2020. Instead, the amendments to the current system are said to "*reflect our commitment to levelling up and enable regeneration and renewal of our urban areas.*"
- 2 The SM1 approach is retained including use of the 2014-based household projections, an adjustment for affordability, and a cap at 40%. Failing to recognise and take into consideration the criticisms in using the household projections as the basis of identifying future need and the positive steps within SM2 to move to a stock-based approach.
- 3 The only change made is the application of a "cities and urban centres uplift" of 35% to the following authority areas: Birmingham, **Bradford**, Brighton and Hove, Bristol, Coventry, Derby, **Kingston upon Hull**, **Leeds**, Leicester, **Liverpool**, London (all boroughs), **Manchester**, **Newcastle upon Tyne**, Nottingham, Plymouth, Reading, **Sheffield**, Southampton, Stoke-on-Trent, and Wolverhampton.

This list reflects those authorities which contain the largest proportion of population for one of the top 20 cities or urban areas in England (based on the ONS list of major towns and cities).
- 4 Where the authority is subject to the 40% cap, the 35% uplift is applied after the cap. This is not applicable to any LPAs in the North.
- 5 London is responsible for most of the uplift with its figure marginally higher than the SM3 figure which was widely criticised as undeliverable.
- 6 The rationale for the new approach is set out in the government's consultation response, as follows:

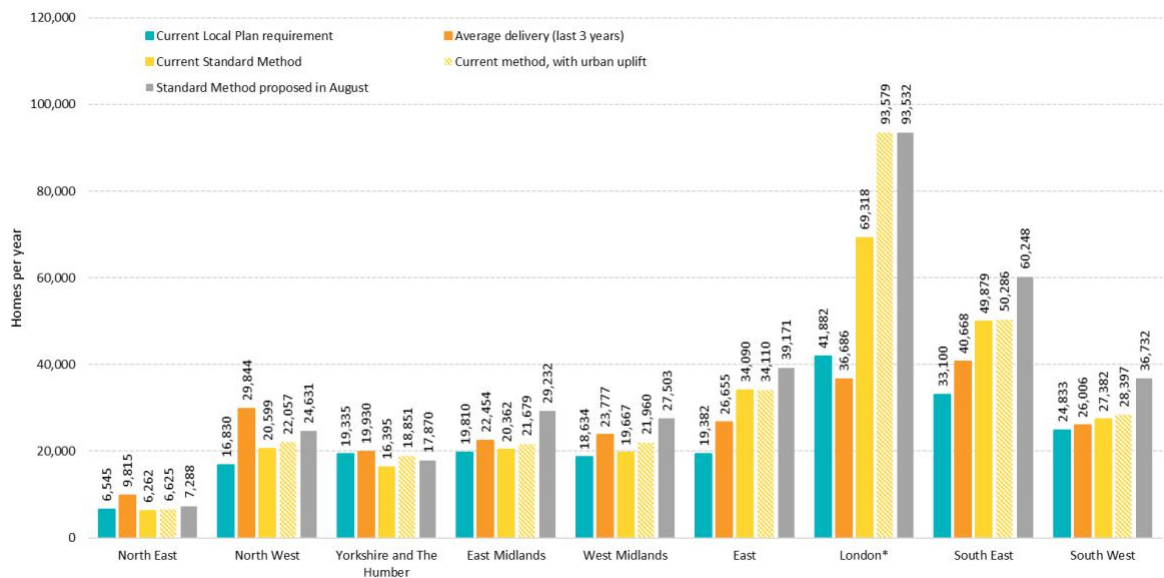
“First, building in existing cities and urban centres ensures that new homes can maximise existing infrastructure such as public transport, schools, medical facilities and shops. Second, there is potentially a profound structural change working through the retail and commercial sector, and we should expect more opportunities for creative use of land in urban areas to emerge. Utilising this land allows us to give priority to the development of brownfield land, and thereby protect our green spaces. And third, our climate aspirations demand that we aim for a spatial pattern of development that reduces the need for unnecessary high-carbon travel.”

- 7 These three reasons are laudable planning objectives. However, they relate to supply-side considerations (often referred to as ‘policy-on’), rather than relating to the actual need (policy-off) for additional housing. Justifying housing needs solely on the basis of supply runs counter to the fundamental mechanics of the standard methodology.
- 8 For all other authorities, the SM1 figures will remain in place. This means that all but 7 LPAs in the North will be preparing plans over the next 2-3 years looking ahead to 2040 or beyond but based on a demographic trend period of 2009-2014, with the problems associated with the financial crisis.
- 9 The authorities that are not subject to the cities and urban centres uplift are not expected to have to accommodate additional growth as a result of Duty to Co-operate requests which the Planning White Paper stated would be removed.
- 10 The increased housing needs of the 20 urban authorities represents a doubling in their current build rate, from 67,337 dpa to 131,520 dpa and is expected to result in much greater pressure for Green Belt releases.

1.3

Figure 1 charts current local plan requirements, average delivery, the current method (with and without the urban uplift) and the iteration of the formula proposed in August.

Figure 1 Comparison of SM1, SM2, SM3 and Delivery



Source: Lichfields

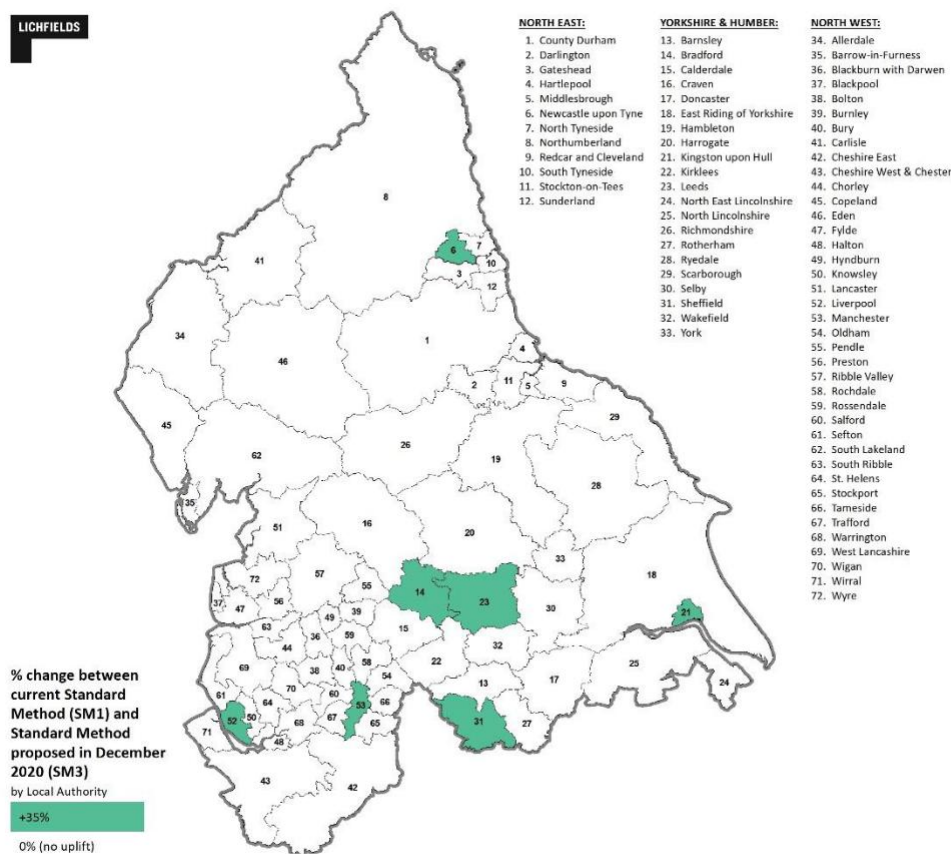
Implications for local housing need in the North identified through the Standard Method

1.4

In terms of housing numbers:

- 1 The changes result in a national total of 297,605 dpa aligned with the Government's 300k target, lower than the overall number identified in the SM 2 which was consulted on in September 2020 which summed to 336,207 dpa.
- 2 Under the proposals the North would see local housing need identified as 47,500, 16% of the overall total need identified for England. This compares to housing delivery across the North over the last 3 years which has accounted for 25% of total housing delivery across England.
- 3 For the North there is a 10% uplift between SM 1 and SM 3. The uplift is solely driven by the 35% uplift in each of the 7 cities and urban centres which in the North have been identified as: Newcastle, Manchester, Liverpool, Leeds, Bradford, Sheffield and Hull (Figure 2).

Figure 2 Change between Standard Method 1 and Standard Method 3



Source: Lichfields

- 4 For the North, the changes mean a 5% reduction from the proposed changes consulted on in September (SM2).

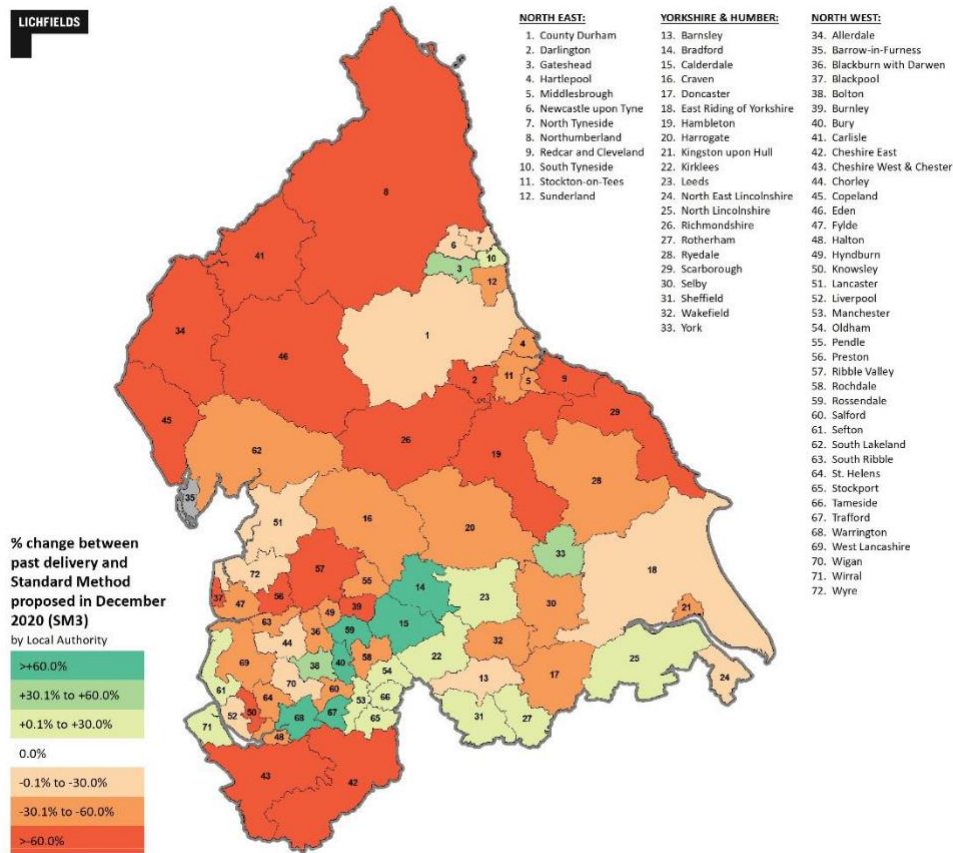
Table 1 Comparison of Standard Method 1,2&3

	Current Standard Method (SM1)	August 2020 Proposals (SM2)	December 2020 Proposals (SM3)	Net additional dwellings (3 year average 2017-20)	% Difference SM1 to SM3	% Difference SM2 to SM3	% Difference Past Delivery to SM3
NORTH EAST	6,262	7,288	6,625	9,815	6%	-9%	-32%
NORTH WEST	20,599	24,631	22,057	29,844	7%	-10%	-26%
YORKSHIRE AND HUMBER	16,395	17,870	18,851	19,930	15%	5%	-5%
NORTH	43,256	49,789	47,533	59,589	10%	-5%	-20%
ENGLAND	250,658	336,207	297,605	235,835	19%	-11%	26%

Source: Lichfields

- 5 SM 3 would represent a 20% decrease for the North compared to the number of homes which have been delivered over the last 3 years.
- 6 Only 21 (29%) of the 72 LPAs in the North would see SM3 resulting in an uplift from past delivery trends.

Figure 3 Change between past delivery levels and Standard Method 3



Source: Lichfields

- 7 Yorkshire and Humber have experienced the greatest uplift between SM 1 and SM 3 (15% increase) and a 5% increase between SM 2 and SM 3. The local housing need identified for Yorkshire and Humber represents a reduction of 5% from past delivery levels (3 year average).
- 8 Of the LPAs which have received the 'cities and urban uplift'; Manchester, Leeds, Bradford and Sheffield are likely to experience some difficulties in delivering the proposed SM3 figures, given that this would require a significant uplift on what has been delivered each year over the past 3 years.

Table 2 Comparison of Standard Method 3 and Past Delivery

	Standard Method 3	Past 3-year delivery	% Difference
Manchester	3,527	3,108	+13%
Leeds	3,763	3,014	+25%
Bradford	2,300	1,415	+63%
Sheffield	2,877	2,454	+17%

Source: Lichfields Analysis

- 1.5 Policy objective of focusing development on cities is laudable but could raise a number of practical problems
- there isn't enough brownfield land to meet needs (as demonstrated in recent research undertaken by CPRE);
 - generally speaking development on urban brownfield sites is likely to feature more apartments rather than the family housing that we need;
 - there are typically viability problems with brownfield land (albeit the Government has also announced funding to address this); and
 - if there is insufficient brownfield land for any or all of these reasons, many of these cities will have to review their Green Belt.

Summary

- 1.6 Overall the proposals under SM 3 result in a minimal 10% uplift to local housing need identified in the North when compared with SM1. The local housing need identified would represent a 20% decrease from average delivery over the last 3 years.
- 1.7 The Government has failed to respond to the issues identified with the household projections being the basis for future housing need and have reverted back to a methodology which has widely recognised flaws, alongside an arbitrary uplift to the top 20 cities and urban areas to try to in their words to;
“reflect our commitment to levelling up and enable regeneration and renewal of our urban area”
- 1.8 By generating a higher amount of growth in the south than the north and a figure for the north that is significantly lower than recent delivery it continues to exacerbate the problems associated with the North South divide, rather than ‘levelling up the country’. The approach also fails to recognise the other parts of the North where regeneration and renewal and support for economic growth is needed.
- 1.9 There are also significant questions regarding the ability of some of the cities in the North which have received the cities and urban area uplift to be able to deliver the level of growth identified and the implications for future growth for the remaining 65 LPAs across the North.

December 2020