

Changes to the Current Planning System - Response to Consultation

In our response to 'Planning for the right homes in the right places (September 2017) we pointed out some deficiencies in the proposed 'standard approach to assessing housing need'. These relate to how the proposed Affordability Ratio corrections will affect the housing need calculations for regions in the London commuter belt (such as Chiltern and South Bucks). As the current proposals fail to address the problems we previously highlighted, we have appended our 2017 response below¹.

We also comment on the proposed changes to the 'Small Site' threshold.

Adjusting for Market Signals

It is regrettable that the effects of the Covid epidemic have been considered only in relation to support for SME's, when there will clearly be significant changes in demand for houses away from city centres, and corresponding changes in the housing market.

Comments below are by paragraph number

30

Other than the factor 4 (the maximum mortgage/salary ratio, see 36), the formula has no apparent theoretical justification; there is no prediction of how increased housing supply will effect median house prices or the supply of affordable housing, and so no evidence is provided to show that the formula has any relation to the operation of the real housing market.

29

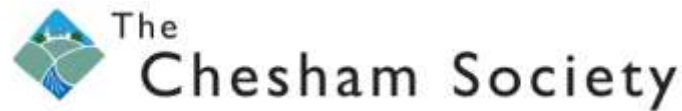
As there is no evidence to show the 2017 formula (1st term) produces the desired effect, there can be no justification for adding another arbitrary term to the formula.

32

The workplace-based affordability ratio (AR) may be readily available, but fails to take account of movement from city centres to 'commuter belts' as discussed in CS2017.

¹ CS2017 (below)

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35,36

A brief inspection of the data (table 5c²) shows that only 5 of 339 local authority districts have Affordability Ratio less than 4, rendering this modification of negligible significance.

37,38

This may 'increase responsiveness to affordability' but remains arbitrary & without justification. Why 10 years ? Why a factor of 0.25 ? Do these numbers have the desired effects ? A more respectable and consistent measure of affordability trends would be the rate of change of affordability with time (as established from the linear trend) – is this beyond the ability of your analysis team ?

This second term exceeds the first for 21 of the 26 counties (table 4c) and so the arbitrary nature of the calculation has a very significant effect on the overall result.

39

The 40% cap (which corresponds to an AR of approximately 10.5) applied to the 2017 formula ensured a certain level of sanity was retained; the current formula gives an adjustment factor of 3 for Chiltern and South Bucks, 7.5 for Kensington and Chelsea. As 37% of the Chiltern & S. Bucks housing allocation is already assigned to Aylesbury Vale, under the 'duty to cooperate'³, the chance of this additional housing actually being built in Chiltern is small.

Q3

NO – the workplace based AR takes no account of housing pressures arising from movement into a district. One effect of the current epidemic is a significant increase in working from home, leading to a greater tolerance of longer commuting distances, and a higher value on homes with greener surroundings. This will obviously increase housing demand in areas such as Chiltern, which will maintain or increase house prices despite any increase in supply.

Q4

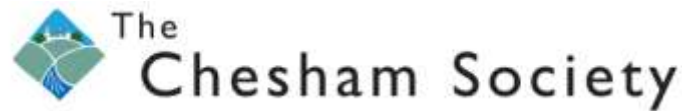
What is meant by 'a positive way' in this context ? Declining affordability is bad, particularly for first time buyers, but the way it has been introduced into the calculation has not been justified, nor has the likely effect been predicted.

² All tables from

<https://www.ons.gov.uk/peoplepopulationandcommunity/housing/datasets/ratioofhousepricetoworkplacebasedearningslowerquartileandmedian> (March 2020)

³ Draft Chiltern & S. Bucks local plan 2036

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**Q5**

We cannot answer this question, in the absence of any predictions for how the formula (P30) will affect house prices, or any historical comparisons showing the effect of housing supply on the AR. We doubt that you can, either.

Small sites planning policy

While the 'adjusting for market signals' policy is apparently designed to lower house prices, and increase the supply of affordable housing, the proposed changes to the small sites threshold will have the opposite effect. Developers in this area already avoid making any provision for affordable housing (or infrastructure) by building multiple infill developments of 7 to 9 houses, mostly on back garden land. Increasing the threshold will reduce or eliminate the supply of affordable housing in this area.

Q17

NO, see above

Q18

iii) 4 homes

Q19, 20

No

Q21

No, developers will probably find ways around it, as they do with the existing rules.

Conclusion

These proposals should be reconsidered to take account of the Covid epidemic, and the 'Affordability Factor' calculation scrapped, unless some evidence can be provided that increased housing provision on its own will in fact result in an increased provision of affordable housing.

The conflict between the Affordability and Small Sites policies must be resolved.

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