



Examination in Public of the draft London Plan: Written submission by CPRE London (1142) to the EIP Panel, December 2018

HOUSING REQUIREMENT

Matter 17: Is the need for 66,000 additional homes per year identified by the Strategic Housing Market Assessment (SHMA) justified and has it been properly calculated for market and affordable housing having regard to national policy and guidance? In particular: a) What weight, if any, should be given to the revised household projections published in September 2018? b) What weight, if any, should be given to the potential impact of Brexit? c) Has the Mayor adequately considered increasing the total housing figures in order to help deliver the required number of affordable homes in accordance with the PPG?

1. CPRE London recognises there is an acute need for new housing in London. The majority of this need arises from the serious lack of genuinely affordable homes both for those currently in need of housing and to meet future needs. Establishing a figure for overall housing need should be the first step in determining a more detailed breakdown of the diverse nature of needs that exist and a resulting annual housing requirement. We are seriously concerned that the annual housing requirement proposed in the draft Plan bears little relation to the reality of housing provision on the ground. We therefore believe that a more sophisticated approach to housing provision is necessary. Our comments on this Matter should be read in conjunction with our response on Matter 19.

2. The Government's current consultationⁱ on a standard methodology for calculating housing need is directly relevant to consideration of the questions that arise on this issue. As this stage the outcome of the consultation is not known, so the consistency of the Strategic Housing Market Assessment (SHMA) with the National Planning Policy Framework (NPPF) and associated guidance cannot be fully addressed at present. In terms of the approach taken to assessing housing need, some commentators suggest this significantly under-estimates the number of homes that Londoners need. CPRE London contends this and supports the approach used to establish for the assessed housing need, subject to testing the full impact of the updated household projections - see below - and recognition that the housing requirement figure should take account of wider considerations such as deliverability and potential environmental consequences.

3. It is clear that the figure of 66,000 additional homes each year represents more than a 50% increase above the existing London Plan requirement of 42,000 homes each year. It is also more than double the 32,000 homes delivered in London in 2017/18 according to official Government statisticsⁱⁱ. In the absence of any evidence indicating that this significant increase in housing provision is deliverable even in the short term, CPRE London believes that the proposed housing requirement cannot be considered 'sound'. We are also concerned that, without major changes

to way in which London Boroughs identify suitable land for housing, the proposed housing requirement will lead to the unacceptable loss of protected open space, including Green Belt and Metropolitan Open Land in contravention of other important policies contained in the draft Plan. Further comments on this aspect are included in our submission on Matter 19.

4. CPRE London considers that the updated 2016-based household projection should be given greater weight in the London Plan. The NPPF explicitly notes that the “preparation and review of all policies should be underpinned by relevant and up-to-date evidence”. We believe there is no reason for household projections to be an exception to this. The GLA should test the effect of these new projections on the overall housing need figures as part of the process of finalising the London Plan, and give them significant weight in determining the way forward.

5. While their assumptions and outputs may still be open to challenge, the 2016-based projections are more objective than the 2014-based projections, being both more up-to-date and produced by an agency that is relatively independent of the policy-making body. In London, the 2016-based projections suggest a decrease in household formation from 54,000 to 33,000 households per year. The table below shows the annual increase across Greater London in the number of households over 25 years from 2014-2039 according to a number of different calculation methods. This illustrates that assumptions regarding household formation rates account for around 50% of the drop in the projections. Some of this may reflect constrained household growth during the economic recession. It also shows, however, that much of this decrease can be attributed to lower population projections, improvements to the methodology and updating of previous assumptions. Consequently, we believe the 2016-based projections should be used as the baseline for establishing an objectively assessed housing need for London.

Variations in Household Projections in Greater London	Annual household increase, 2014-2039
Source: MHCLG (2014-based data) and ONS (2016-based data).	
406: 2014-based projections	54000
Table 429b : Sensitivity analysis of the 2016-based household projections using 2016-based population and 2014-based household formation by local authority, England, mid-2014 and mid-2039	44000
Table 429a: Sensitivity analysis of the 2016-based household projections using 2014-based population and 2016-based household formation by local authority, mid-2014 and mid-2039	43000
406: 2016-based projections	33000

6. The inherent uncertainty around population and household projections is well-illustrated by the potential impact of Brexit, and whether or not this actually takes place and in what form. Also, it is important to note that the projections already take account of a significant reduction in immigration as a result of future policy changes. As a result CPRE London believes that it will not be helpful to carry out further scenario testing on this issue at this stage.

7. The draft Plan presents a significant challenge in terms of delivering the affordable homes that Londoners need. Indeed, the SHMA found that the majority of the homes that are needed in

the coming years should to be affordable. Leaving aside concerns over the definition of what is affordable, just 5,500 affordable homesⁱⁱⁱ representing less than 20% of recent housing output has been in this category. This suggests that only a significant increase in the resources available to provide affordable housing, particularly homes for social rent which accounts for almost half of London's housing need, will deliver the substantial increase in delivery required. More targeted approaches to ensuring the delivery of genuinely affordable homes are also necessary. We address this issue in more detail in our submission on Matter 24.

8. We do not believe that the need for affordable housing can be met by manipulating figures for overall housing supply. It is widely acknowledged that simply increasing the overall number of houses will not deliver a significantly increased number of genuinely affordable homes and by itself will have only a very small, if any, noticeable effect on market affordability. The draft figure already includes a significant uplift of more than 20% over the household projections to account for other issues, in particular the affordability of housing. Consequently, CPRE London believes that appropriate consideration has already been given to the possibility of increasing total housing supply figures to support the delivery of affordable housing.

9. To conclude, CPRE London recommends that the London Plan uses the most up-to-date available evidence to determine its headline housing requirement. Given the latest projections, the GLA should consider whether a cap on the increase over the previous London Plan figure, and the associated figures of adopted local plans, would support deliverability of the plan, and build consistency with existing planning practice guidance on assessing housing need.

CPRE London

December, 2018

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https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/751810/LHN_Con_sultation.pdf

ⁱⁱ <https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing>

ⁱⁱⁱ <https://www.london.gov.uk/about-us/london-assembly/london-assembly-publications/affordable-housing-monitor-20172018>