

Statement to Parliament: Local housing need

With permission, Madam Deputy Speaker, I would like to make a statement on the latest stage of our work to fix this country's broken housing market.

As I told the House in February when I published our Housing White Paper, successive governments, all the way back to the Wilson era, have failed to get enough new homes built.

We're making some progress in tackling that – 189,000 homes delivered last year and a record number of planning permissions granted.

But if we're going to make a lasting change – building the homes we need to meet both current and future demand – we need a proper understanding of exactly how many homes are needed and where.

The existing system for determining this simply isn't good enough.

It relies on assessments commissioned by individual authorities according to their own requirements, carried out by expensive consultants using their own methodologies.

The result is an opaque mish-mash of different figures that are consistent only in their complexity.

This piecemeal approach simply doesn't give an accurate picture of housing need across the country.

Nor does it impress local people who see their area taking on a huge number of new homes while a town on the other side of a local authority boundary barely expands at all.

If we're going to get the right number of homes built in the right places we need an honest, open, consistent approach to assessing local housing need.

And that's exactly what we're [publishing today](#) (14 September 2017).

Objectively assessed need

The approach we're putting out for consultation follows 3 steps.

The first uses household growth projections published by the Office of National Statistics to establish how many new homes will be needed to meet rising need.

I should add at this point that these projections already take into account a substantial fall in net immigration after March 2019.

But this number simply shows the bare minimum that will be required in order

to stand still.

If we only meet rising demand in the future, we will do nothing to fix the broken housing market – a situation caused by the long-term failure to match supply with demand.

So the second step increases the number of homes that are needed in the less affordable areas.

In any area where the average house prices are more than 4 times average earnings, we increase the number of homes that will be planned for.

The assessment goes up by 0.25% for every 1% affordability ratio rises above 4.

Of course, the state of the housing market means that there are some areas where this would deliver large numbers that go well beyond what communities have previously agreed as part of their local plans.

That's we've added a third stage.

A third stage of the assessment sets a cap on the level of increase that local authorities should plan for.

If they have an adopted local plan that's less than 5 years old, increases will be capped at no more than 40% above their local plan figure.

If the plan is not up-to-date the cap will be at 40% above either the level in the plan or the ONS projected household growth for the area, whichever is higher.

These 3 steps will provide a starting point, an honest appraisal of how many homes an area needs.

But it should not be mistaken for a hard and fast target.

There will be places where constraints – for example, such as Areas of Outstanding Natural Beauty, national parks or others – mean there's not enough space to meet local need.

Other areas may find they have more than enough room and are willing and able to take on unmet need from neighbouring authorities.

Statement of common ground

That kind of co-operation between authorities is something I want to see a lot more of.

To the frustration of town planners, local communities are much more fluid than local authority boundaries.

People who live on one side of a line may well work on the other.

Communities at the edge of a county may share closer ties and more infrastructure with a community in the neighbouring county than they do with another town served by their own council.

And so on.

Talking to the people who live in these kind of communities it's clear that they get frustrated by plans being based on lines on a map rather than day-to-day, real-life experience.

Planning authorities are already under a duty to co-operate with their neighbours, but that duty is not being met consistently.

So today we're also publishing a requirement for a "statement of common ground", a new framework that will make cross-boundary co-operation more transparent and more straightforward.

Under our proposals, planning authorities will have 12 months to set out exactly how they are working with their counterparts across their housing market area to meet local need and fill any shortfalls.

Impact

The methodology that we're publishing today shows that the starting point for local plans across England should be 266,000 homes per year.

Nationwide, this represents a 5% increase on the upper end of local authority estimates, showing that the local planning system is broadly on target.

For almost half of the authorities we have data for, the new assessment of need is within 20% either way of their original estimate.

Nearly half, that's 148, actually see a fall in their assessment.

They go down by an average of 28%.

In the 156 areas where the assessed need increases, the average rise is 35%.

But in most cases the increase will be more modest.

Seventy-seven authorities see an increase of more than 20%.

We are not attempting to micro-manage local development.

(political content removed)

It will be up to local authorities to apply these estimates in their own areas.

We're not dictating targets from on-high.

All we are doing is setting out a clear, consistent process for assessing what may be needed in the years to come.

How to meet the demand, whether it's possible to meet the demand, where to develop, where NOT to develop, what to develop, how to work with neighbouring authorities and so on remains a decision for local authorities and local communities.

Infrastructure

But new homes don't exist in a bubble.

New households need new school places, new GP surgeries, greater road capacity and so on.

That's why, earlier this year, we launched our new Housing Infrastructure Fund.

Worth a total of £2.3 billion, it ensures essential infrastructure is built, alongside the new homes that we need so badly.

We will also be exploring bespoke housing deals with authorities that serve high-demand areas and have a genuine ambition to build.

And we are providing further support to local authority planning departments with a £15 million capacity fund.

Conclusion

So those are our proposals, Madam Deputy Speaker.

(political content removed)

These measures alone will not fix our broken housing market.

I make no claim that they will.

As the White Paper made clear, we need action on many fronts.

This new approach is one of them.

On its own, it will simply provide us with numbers.

But taken with the other measures outlined in the White Paper it marks a significant step in helping to meet our commitment to deliver a million new homes by 2020 and a further 500,000 by 2022.

And it's so important that we fulfil that commitment.

Because the young people of 21st century Britain are reaching out, in increasing desperation, for the bottom rung of the housing ladder.

For the comfortably-housed children of the 50s, the 60s, the 70s to pull that ladder up behind them would be nothing less than an act of inter-generational betrayal.

One that our children and grandchildren will neither forget nor forgive.

If we're going to avoid that, together, all of us, if we're going to avoid that, if we're going to fix the broken market and build the homes the people of this country need and deserve, we must start with an honest, open, objective assessment of what is needed and where.

[Today's publication](#) provides the means for making that assessment, and I commend it to the House.