



Ministry of Housing,
Communities &
Local Government

Clive Betts MP, Chair
Housing, Communities and Local Government
Select Committee
House of Commons
London
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Dominic Raab MP
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Our Ref:3755395

21 May 2018

Dear Clive,

Thank you for your letter of 30 April about the proposed standard method for assessing housing need set out in the draft National Planning Policy Framework, on behalf of the Housing, Communities and Local Government Committee. I am grateful for the Committee's important work on this issue that is essential in ensuring our communities get the homes they need.

The consultation on the draft Framework has now closed and we are analysing the responses. All of the points raised in your letter will be carefully considered as part of this analysis.

The draft Framework was accompanied by guidance that gives some practical experience to the material on which we have consulted. The policy and guidance has been drafted having regard to the extensive feedback received through previous engagement and consultations.

You raise a number of concerns on behalf of the Committee. I shall respond fully when I have analysed the responses but I think it is appropriate to give the Committee some early answers to the important questions raised.

Consistency with the Industrial Strategy and balancing economic opportunity

The revised draft Framework makes it clear that the need established by the method is a minimum starting point. This is set out at paragraph 61 of the Framework. It uses household projections which are based on historic trends which simply show more growth in the south than the north. Through planning practice guidance we have proposed the use of a range of figures where authorities propose to deliver more than the minimum need. This is to ensure that the housing delivery test and 5 year land supply policies do not act as a barrier to factoring in growth.

Consistency with local understanding and capacity

The standard method produces a figure based on local household growth and affordability. Through the plan-making process authorities will use this as a basis for establishing the housing requirement that they can plan for (see paragraphs 61 and 68 of the Framework),

taking into account their assessment of the extent to which identified need can be met. Through the plan making process local communities will be engaged to ensure local understanding influences these final requirement figures.

The issue of capacity is an important one. It is vital that local authorities plan sustainable communities, not just housing. So we need the right types of infrastructure alongside new housing. In line with this, at Budget 2017 the Chancellor announced an increase to the Housing Infrastructure Fund of £2.7bn, doubling it to £5bn.

An overall need figure of 266,000 homes per annum

There are three important points to note on this:

- First as you can see from the guidance (page 24-25 Draft Planning Practice Guidance) the Government has not prescribed a number; it has established a formula. The standardised assessment of housing need for any particular local authority producing a Plan at any point in time will be produced by the data current at the time the local authority is producing its Plan – in particular on household projections and local earnings growth;
- Second, as discussed above, local authorities can choose to plan for a number of homes in excess of this number where they choose to do so; and
- Third, as the Chancellor said in the Budget the Government's reforms put us on track to create, fund and drive a housing market which delivers 300,000 net additional homes a year on average by the mid-2020s whereas the new National Planning Policy Framework will apply for Plans produced after summer 2018 (subject to certain transitional arrangements) and which must be reviewed every five years.

The effect of historic delivery on need calculated by the standard methodology

To reflect the actual need for homes in each area, the method takes into account the affordability of homes locally, through an affordability adjustment. High house prices indicate a relative imbalance between the supply and demand of new homes, and makes housing less affordable. In areas where past delivery has been high enough to address affordability the impact of the affordability adjustment will be less. Where past delivery has not addressed affordability, the affordability adjustment will reflect this by identifying a greater need.

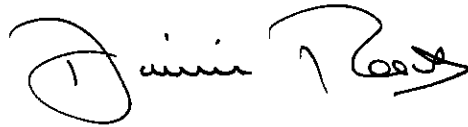
Further uncertainty in the plan making process causing delays

I am grateful for the Committee's thoughts on this. As you know the Local Plans Expert Group considered this issue carefully and made a number of recommendations that we are implementing through the new National Planning Policy Framework and through regulations under the Neighbourhood Planning Act 2018, and which need to be considered together. We shall want to keep the effect of these policies under careful review so that we are sure that they are working together to ensure plans are brought forward effectively, giving communities the certainties about development they need.

The possibility of challenge from the development industry and/or communities

The proposed standard method does not amount to a housing target. As at present, where the development industry, local communities or other stakeholders wish to challenge proposals put forward in plans, they can continue to do so through the examination in public through independent examination. Their arguments will be considered in an open and transparent way.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Dominic Raab". The signature is fluid and cursive, with a large initial 'D' and a stylized 'R'.

DOMINIC RAAB MP