

CPRE Surrey Planning Forum, Monday 6th June 2016

Tim Murphy, Chairman, CPRE Surrey Branch:

Can I extend a warm welcome to everyone who has come to this CPRE Surrey Planning Forum – we will be concentrating on housing pressures, Strategic Housing Market Assessments, and their implications for our countryside and in particular the Green Belt.

I will lead off with some thoughts from the CPRE Surrey perspective. Richard Bate of Green Balance will follow. Richard is a consultant currently working for CPRE Surrey on these issues; he is also retained by the Save the Hogs Back campaign in Guildford. Then Catherine Sayer, who is a CPRE Surrey Trustee and Chair of the Oxted and Limpsfield Residents Group in Tandridge, will conclude the presentations with the local campaigning perspective.

First, a bit of history. Since 1947, the UK has had a comprehensive system of forward planning and planning control that, broadly, has served us very well. This planning system aimed to balance the sometimes conflicting demands of economic development, social welfare, and environmental protection. The interests of developers on the one hand and the often conflicting concerns of residents and others seeking to protect the natural and built environment were carefully weighed in the balance by planners and Planning Committees.

The planning system facilitated the creation of National Parks, Areas of Outstanding Natural Beauty, Green Belts, and areas of biodiversity importance, whilst assisting with urban regeneration, all causes that the Campaign to Protect Rural England strongly supported. We should note that 85% of Surrey's countryside is Green Belt, and our more rural districts, such as Tandridge, are almost entirely in the Green Belt.

In 2012, the Coalition Government tried to simplify the planning system by producing the National Planning Policy Framework (NPPF), together with National Planning Practice Guidance (NPPG). The NPPF stated that the principal purpose of the planning system was to help achieve 'sustainable development'. In practice, the NPPF has proven more opaque than what went before, resulting in uncertainties and disagreements about interpretation that are frustrating to all who are involved in the development process.

Although in theory the same environmental and planning protections such as Green Belt remained in force, and Government ministers frequently chant their mantra about protecting the Green Belt, there is now an expectation that planning authorities will approve proposals, essentially on economic grounds, unless there are overriding objections to such developments. Economics clearly now trumps environmental and social considerations.

A key requirement of the NPPF is identifying Objectively Assessed (Housing) Need (OAN) based on Strategic Housing Market Assessments or SHMAs. When preparing their Local Plans, local authorities have to use OAN as their starting point when arriving at future housing supply figures, which, in theory, can be reduced when environmental, and planning constraints, such as Green Belt, and infrastructure considerations are taken into account. In practice, Government Planning Inspectors time after time seem to disregard these constraints at Local Plan Hearings and require housing targets based on OAN as a minimum. In the Home Counties, the OAN always includes a large allowance for in-migration from London.

At the same time, local authorities have come under unprecedented financial pressure from central government, with massive reductions in the money allocated by Whitehall to counties and districts. One way that a fiscal deficit can be addressed is by allowing more development and thereby collecting more Council and Business Tax. A New Homes Bonus has also been introduced to encourage authorities to agree to higher housing numbers.

In Surrey, as in most other parts of the country, all this has resulted in one of four scenarios:

- a) local authorities, such as Runnymede and Waverley, have proposed modest increases in housing and other types of development, in line with historic trends, only to have these rejected by Planning Inspectors at Public Hearings into their Local Plans because OAN has not been satisfied, or
- b) Districts such as Reigate and Banstead and Woking have, in effect, been forced to propose significant increases in housing numbers in order to get their Local Plans adopted and now face the prospect of losing substantial areas of their Green Belt, or

- c) Green Belt boundary reviews have been undertaken by local authorities to accommodate high levels of new housing and other development. These have then been subject to public consultation and have subsequently been withdrawn, as in Guildford and Mole Valley, as a result of the overwhelmingly adverse public reaction to proposals that would, typically, have meant the loss of Green Belt or other countryside, or
- d) District Councils have deferred the preparation of Local Plans with the result that at least five of Surrey's eleven districts are now threatened by the government with 'special measures' unless they produce a Local Plan by early next year. Some of these authorities have, in fact, relatively recently approved local Plans, but they were produced before the NPPF came into force.

The public, while, rightly, recognising the need for more housing, do not see less planning control or the loss of countryside as the answer. A recent opinion poll for 'The Observer' showed only 13% of the public support a relaxation of planning laws on property development as a way of tackling Britain's housing crisis. Only 9% would agree to building on the Green Belt as a solution to improving the housing situation in cities. In my own local authority, Epsom and Ewell, a questionnaire generated by the Planning Department concerning possible loss of Green Belt in future plans indicated that 87% of respondents were opposed to this as a way of satisfying housing needs.

Because of this total disconnect between what residents want and what is being imposed upon them here in Surrey, we have seen independent councillors elected over the past year or so in Guildford, Tandridge and Mole Valley essentially on 'Save the Green Belt' platforms.

What are the facts about housing need? Housing supply in the UK is not depressed by lack of planning permissions. Since 2007, housing approvals have consistently been much higher than housing starts – in 2015 planning permissions were given for over 200,000 houses but only 140,000 were started.

There is no incentive for volume house builders to build more houses faster – this could depress prices. In no year since before the Second World War has the private sector been able to complete more than just over 200,000 new homes. The reason why we were able to build over 400,000 houses a year in the late 1960s was that half of these were genuinely social housing commissioned by local authorities, much of which has now been sold off under 'Right to Buy'.

Instead of financing an affordable housing programme, successive governments have tried to get some non-market housing built 'on the cheap' by trying to get private housing providers to include a certain proportion of social housing within their new estates. This is increasingly unsuccessful, and the government is now pressing for starter homes to be built, rather than genuinely affordable homes – these aren't the same thing. It is evident that there needs to be a fundamental rethink about housing provision.

There are plenty of ways of providing accommodation for more people without the loss of Surrey's countryside:

- a) prioritise building on brownfield land in built up areas before loss of countryside;
- b) build at higher densities (with high design quality) within built up areas, particularly around transport hubs;
- c) use the existing housing stock more efficiently (fiscal incentives to downside, provision of more homes tailored to the needs of increasingly small households, more lodgers);
- d) take more positive measures to stimulate economic activity more evenly around the UK (London and the South East are currently expected to accommodate about ten times as many additional people over the next fifteen years as Scotland, Wales and Northern Ireland combined – four million against 400,000).

Richard Bate, Partner, Green Balance:

Objectively Assessed Need for housing is a figure at the district level which seems to have taken on an overpowering dominance in shaping housing land allocations in Local Plans. We need to know how the Government's game is played if we want to have any chance of influencing key planning decisions on housing.

A new planning regime was enshrined in the National Planning Policy Framework in 2012, which was amplified in Planning Practice Guidance issued in 2014. The starting point is that each individual local planning authority is expected to meet its own objectively assessed need for housing, though each can try to negotiate with other authorities to distribute the load through the process of 'Duty to Co-operate'.

Underlying the policy approach is a fundamental belief in Government that planning is the fount of many of the nation's ills. Planning intervenes in the market, but the market knows best (the Treasury believes), so the planning system must be bad. The Government has been eating away at the planning system seriously since 2010 and with some haphazard interest since about 2000. The belief is that if the planning system has less impact, then house builders will be much better able to get on with the job of housing the nation. If the fate of the housing market is so bound up with land supply, then the collapse in house building rates in 2008, from which we have not yet recovered, was presumably caused by a sudden massive tightening in land supply, not by a recession in which demand and ability to pay fell away!

The Government has taken a number of steps to direct policy on housing requirements.

First, it has reinforced the role of the household projections in assessing the need for housing. The underlying approach for at least the three decades before 2012 had been to take a demographic approach, aiming to build enough homes for the households projected to need them, but adjusted with some common-sense here and there. The household projections have been at the heart of the debate, and they still are. The central point about them is that they are only projections based on what happened in preceding years. They are not forecasts, they certainly are not targets, and any housing number chosen is a policy rather than something that is handed down by a complex technical methodology. The reason they have taken on the weight they have in planning circles is simply because no-one has a better method of crystal ball-gazing.

Household projections are remarkably volatile and a bit of a lottery, especially as no-one knows what the level of migration will be locally, either internationally or within the UK. Furthermore, until the Government abolished Counties as the unit for planning for housing, household projections were only produced at county level, with the advice that figures for smaller areas were unreliable. A proper handle on what is going on is only provided every 10 years with the Census. In between there is reliance on sample surveys of all the necessary variables to make the calculations, so it's hardly surprising that a big re-basing exercise took place after the 2011 Census when it was found that the 2008-based household projections issued in November 2010 had massively over-estimate household numbers. The result of all this is that the household projections only provide limited information, and great caution is needed in how they are used.

The Government's second change is that household projections are now treated only as a starting point in calculating objectively assessed need. Authorities are not expected to choose lower figures, but they should make the figures higher in various circumstances:

- if economic projections (based on completely different assumptions from demographic projections) show that the number of jobs expected to be created will need more workers than the demographic projections indicate would live locally;
- if the affordability of housing is deteriorating faster than average in the wider area – in which case more land must be provided so that (as Government believes) more houses can be built so that house prices will come down again and affordability improve;
- if there is a backlog of unmet need for affordable housing at the start of the plan period, then planning must help meet this requirement by allocating more land (even though the finance for building more affordable homes is not available and even though there is no further requirement to ring-fence that land for affordable housing only).

There are therefore now lots of add-ons to the household projections which are raising the Objectively Assessed Need in most authorities in the greater SE. Raising the Objectively Assessed Need so far above the demographic projections in so many authorities means that there simply won't be the households to fill the extra houses said to be required above the household projections. Many authorities have seen their calculated housing requirements rise massively, far above past rates of supply and well beyond any realistic rate of possible future house building.

The Government's third change is to require that Objectively Assessed Need is specifically calculated before any assessment is made of constraints. In principle that seems to me a good idea: we should not be sweeping under the carpet the massive need for housing in this country. However, the numbers are often ridiculously high, as noted above. Then, unfortunately, the Government has largely forgotten about the constraints, and has made clear that assessed need is generally expected to be met. This has set the irresistible force of housing need against the immovable object of national and other constraints on development. What is supposed to happen in authorities like

Sevenoaks which are virtually all Green Belt and virtually all AONB? The general experience is not only massive increases in density in urban areas, transforming the character of places – have a look around the railway station in Cambridge for example – but nibbling away at places which have long been protected. And all to aspire to absurd and unreal housing numbers. Remarkably few authorities have managed to have their Local Plans approved since 2012 with housing supply figures discernibly below their OAN. That's why CPRE nationally complains, rightly, about the allocation of so much Green Belt land for housing.

Reigate and Banstead was one of the few who achieved a lower housing land supply. They were allowed to meet just three quarters of their OAN, but in the process still had to allocate land for 1,400 houses in the Green Belt. There have been repeated experiences of local authorities putting forward plans which propose massive land releases only to be told that this is still not enough – and to try again. The general impression is that authorities with genuine and extensive constraints must expect to undergo some real pain in terms of land release before they can be allowed to adopt Plans providing for less than OAN. But local authorities desperate to get their plans approved – to get some kind of day-to-day control over developers – are often conceding at an early stage and meeting OAN to speed up approval of the Plans. That's another change: Plans only count now when approved, whereas previously draft plans acquired more and more weight the closer they got to approval.

The fourth tweak, within this framework, is that the Government has made it harder to challenge local authorities on the Objectively Assessed Need they promote in their Local Plans. A greater level of unreasonableness than previously now has to be shown, so authorities are given more space to do what they want. In the context of other policies, this suits growth-minded councils (and weak-willed councils readily inclined to adopt very high OAN figures), and hampers environmentally-minded ones.

What can be done about this? Can we rescue some proper planning? Can we save the Green Belt? Let's start with Objectively Assessed Need. If we could get that down, then we would be much better placed to save the most important countryside. This is what I have been tackling on behalf of CPRE Surrey in the West Surrey area (Woking, Guildford and Waverley). My work there demonstrates that none of the 'add-ons' to the household projections are justified in that area. Regarding improving affordability, the market does not work in the way the Government believes. Regarding economic-driven forecasts, these are even less reliable than household projections. Furthermore, in Guildford, the claimed need for more house building to accommodate students would dissolve if the University of Surrey built sufficient halls of residence instead, for which it has the land. On top of this, if there was a more concerted effort to bring back empty homes into use, and all long-term empty homes (i.e. empty for more than 6 months) were brought back into use over 20 years, this would bring down objectively assessed need by a further 90 houses p.a. in West Surrey.

Environmental constraints should also be considered. Nationally designated land comes first: Areas of Outstanding Natural Beauty, Sites of Special Scientific Interest, Green Belt, plus of course Crown land, inalienable NT land, and land at risk from flooding have for the most part been protected over the years. The central problem is that the Government is so determined to get houses built, and so committed to bending the planning system to achieve this, that constraints like Green Belt are being played down. But still the houses aspired-to are not being built in sufficient numbers: only when the Government tackles housing finance rather than the planning system will this change.

Catherine Sayer, Chairman, Oxted & Limpsfield Residents' Group:

Just to start with a few words about the Oxted and Limpsfield Residents Group and about Tandridge District which is on the eastern edge of Surrey and some of you may not know it very well.

The Residents Group, known as OLRG, is a residents association with two and a half thousand members based in Oxted but with members from across Tandridge District.

OLRG put up a candidate in the recent District Council elections because of the poor quality Local Plan proposals that Tandridge District Council published for consultation which we were advised are not compliant with government policy.

Our election candidate, Jackie Wren, stood against the Council leader and won with a very large majority. That's how upset people are about what is happening in Tandridge over the Local Plan.

Our aim is to make sure the Local Plan process is carried out properly which is not happening at the moment. We want to address genuine local housing need, rather than London's need, to protect the Green Belt, to protect the local

environment and local infrastructure from being swamped by overdevelopment and to achieve a reasonable and proportionate outcome for the District.

People are very concerned about infrastructure which is struggling to cope with existing demand. There has been little new infrastructure put in place to support all the new building that has already taken place and there is a considerable infrastructure deficit.

One of the flaws in the Local Plan documents is that no account has been taken – despite national policy saying it should have been – of already overstretched health facilities, schools, roads and parking or of how infrastructure will cope with thousands more homes.

For example, regarding GP surgeries the Council stated in its Local Plan documents that it had written to all 10 surgeries in the District but received “no responses” and therefore concluded *“there is no indication of any specific requirements at this present time”*.

One of the health centres then made clear that it had never received a letter from the Planning Department. The health centre then submitted a response highlighting how stretched resources already are with the present population and how they couldn’t cope with more – but of course that was after the documents had been published.

Tandridge District itself is still largely rural, with no big towns and 94% of it is Green Belt.

However, the Council’s Local Plan documents claim 9,400 more houses are needed in the period 2013 to 2033 – that’s 470 houses a year and almost four times the current requirement contained in the current Local Plan, the Core Strategy, approved by the Planning Inspectorate and adopted by the Council in 2008. The increase is not for the needs of the local community but for massive and sustained inward migration from London – even though Tandridge is not required to meet London’s need.

It would mean a likely rise of a third in the District’s population and the loss of large swathes of the Tandridge Green Belt as well as open spaces such as recreation grounds.

Most of the options the Council has put forward assume that significant amounts of Green Belt will be released for new housing. Most of the sites it has classed as “deliverable and developable” are located in the Green Belt.

So, OLRG with the support of Tandridge CPRE, commissioned legal, planning and demographic experts to review the Local Plan documents and to put together a representation to the Council’s consultation.

The document they produced contains more than 90 pages of expert opinion from a leading planning QC, a planning consultant, and a demographic analyst who has 25 years of public sector demographic research, analysis and strategy experience and application.

The experts highlighted that the evidence base is flawed and contradictory, the housing need figure is inflated, and the Green Belt assessments have not been carried out properly. In short, the documents are not fit for developing a sound Local Plan.

As well as Tandridge CPRE and OLRG, the representation is supported by 11 of Tandridge District’s Parish Councils and 7 other community groups.

The experts found that there is a fundamental disconnect between the Issues and Approaches document and the National Planning Policy Framework (NPPF), the evidence base, the distinctive characteristics of Tandridge and the priorities of local residents.

This is relevant because paragraph 1 of the NPPF states that:

“It [the NPPF] provides a framework within which local people and their accountable councils can produce their own distinctive local and neighbourhood plans, which reflect the needs and priorities of their communities”

At times the Issues and Approaches document and parts of the evidence base seem to have been written about an entirely different place than Tandridge. This disconnect is even clearer when the document is compared to the 2008 Core Strategy.

In the Core Strategy, half of the Issues include references to the Green Belt, open spaces, biodiversity, AONB, all of which are distinctive characteristics of Tandridge. Conversely, only a minority of the 73 assertions in the Issues and Approaches document refer to any of these.

The introduction of the NPPF hasn’t changed either the issues facing the district or the priorities of local residents, yet this recent past appears to have been completely ignored in the emerging Local Plan documents.

In the Delivery Strategies, the distinctive characteristics of Tandridge – open countryside, high quality landscapes, small, rural settlements and long-standing local businesses, are marginalised to make way for a Tandridge that is a dormitory district where residents travel to jobs located elsewhere, mostly by car. That “vision” conflicts with the sustainable development objectives of the NPPF.

The experts didn’t highlight all of the flaws in all of the documents but concentrated on three documents – the Objectively Assessed Need Study, the Housing and Economic Land Availability Assessment and the Green Belt Assessment – that were not considered to be fit for the purpose of developing a sound Local Plan.

Tonight is about housing numbers and so I will concentrate on the flaws that have been flagged up in the Tandridge Objectively Assessed Need Study – the OAN. Although Tandridge has unusual circumstances which may not apply elsewhere, some of what the experts have said about the need figure may be relevant and applicable to other parts of Surrey. Of particular concern in Tandridge is that the Council already knows that the OAN of 9,400 is inflated, unrealistic and unsustainable and yet it has put out the figure for consultation and recommended the document containing it.

At a Public Inquiry in 2014 (known as the Caterham Inquiry), it spent a considerable amount of public money instructing a barrister to point out the flaws in a similarly inflated needs report. Among them was the fact that such high need figures are the result of the very high rate of building there has been in Tandridge District which the OAN calculation has simply mechanically projected into the future despite the fact that the circumstances which made that building possible will not be repeated.

By putting forward an OAN figure of 9,400, the Council has contradicted evidence from its own barrister given to the Planning Inspectorate at the Caterham Inquiry.

We do not know why the Council has so fundamentally changed its approach to the OAN and worry that money may be a factor as building on the Green Belt may be seen as a short term way of raising revenue. The Council is a small one and like other local authorities has had its government grant cut. In addition, over the years, it has become heavily reliant on the money it gets from house-building and the New Homes Bonus.

Our experts found that the methodology and calculations shown in the Tandridge Objectively Assessed Need Paper are inconsistent with the rest of the evidence base. As a result, the scenarios project inflated population and household growth increases that do not represent what could reasonably be expected to occur which is what is required by National Planning Practice Guidance. Therefore the scenarios do not fulfil national policy requirements.

To quote the National Planning Practice Guidance:

“Assessing development needs should be proportionate and does not require local councils to consider purely hypothetical future scenarios, only future scenarios that could be reasonably expected to occur.”

This also implies that the projection results should be supported by, and be consistent with, the rest of the evidence base. The Planning Advisory Service advice states: **“... to understand the projections and take an informed view of the future we need to understand the present and the past”**.

The Tandridge OAN paper uses the population change in the standard 2012 SNPP projections which projects the population to grow by 17.7% from 2013 – 2033. This projected growth rate is faster than the population growth rate in either Surrey or the South East.

This high rate doesn’t fit the characteristics of Tandridge explained elsewhere in the evidence base which show it to be an area of open countryside, small, rural settlements and long standing local businesses with limited future employment growth prospects.

The components of the projected population increase taken from the 2012 SNPP indicate that 89% of the projected total population increase is comprised of inward migration.

The standard projections mechanically project recent trends into the future and the year by year projected figures show that net migration is projected to be in the range of 600-800 for 19 of the 20 years of the projection period.

The OAN Paper also shows the historic net migration from 1991-2014 which has been volatile, including some periods of outmigration. Levels of inward migration of 600 or higher occurred just twice in the period 2004-2014, while the projections show levels of 600 or higher for 19 out of the 20 years to 2033.

So, the projected inward migration levels represent future levels which are much higher than in the past and so the next stage is to examine the rest of the evidence base to better understand what has led to this.

The past levels of high inward migration into Tandridge were caused by the fact that the District has had a very high rate of building and has vastly exceeded its housing requirement.

This is a chart taken from the Local Plan's Strategic Housing Market Assessment work which shows that the indexed rate of housing development in Tandridge has been considerably higher than the average for England for most years since 1980 – more than double in some years.

The reason for this is that Tandridge has lost many major employers since the mid-1990s. This was part of a wave of corporate and public sector re-structuring by organisations such as the NHS and the Ministry of Defence. It meant that there were a number of large, redundant brownfield sites available and these were quickly converted into housing. These houses attracted large inward migration from outside of the District.

So the past high rates of house building in Tandridge have only been made possible through one-off circumstances where almost all large employers left the district and the redundant employment sites were re-developed for housing. Those sites are now used up.

The ten-year average used in the OAN paper scenarios assumes that the circumstances of the past ten years will persist for 20 years into the future, even though the remainder of the evidence shows that the supply of these sites has been exhausted.

The past high rates of housebuilding artificially stimulated inward migration and these inflated levels have been captured by the standard projections and mechanically projected forward into the future. Therefore, the standard projections are not reliable guides to the future and do not give a scenario that could reasonably be expected to occur.

The OAN figure is also in conflict with the economic evidence. The economic studies show that there are no economic drivers for inward migration into Tandridge because while the local economic base is stable, future growth prospects are limited.

The economic studies describe Tandridge as a predominantly rural district with a population of 83,000 taken from the 2011 Census. Even the largest settlements are small when compared to those in nearby areas such as Redhill (population 30,289), Reigate (24,913), Crawley (106,597) and Croydon (town, population 52,104).

While the evidence shows that the existing economic base is relatively stable, it also shows that competition to attract new businesses and employment will only increase in the future because of initiatives currently underway or planned by other nearby local authorities such as Croydon, Sutton, Reigate and Banstead, Crawley and Horsham. These will limit future employment growth prospects in Tandridge.

Tandridge has seen loss of local employment and ranks low on all economic measures, yet it has been unrealistically assumed that local jobs will rise by a third and that Tandridge will experience top quartile continuous economic growth for the next twenty years.

Projecting high levels of economic and employment growth in Tandridge is neither realistic nor justified by the evidence which implies that there are no economic drivers for the high levels of inward migration shown in the standard projections and in the scenarios included in the OAN Paper.

Another problem is that the methodology omits the step of defining the Housing Market Area and so does not fulfil the requirements of the NPPF or the National Planning Practice Guidance.

Paragraph 47 of NPPF states: **“Meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework”**.

Planning Practice Guidance states: **“Needs should be assessed in relation to the relevant functional area, ie housing market area”**.

This is a fundamental flaw in the approach used, particularly in light of the dominance of inward migration in all of the scenarios shown.

The migration flows in and out of Tandridge are shown to be widely dispersed and the OAN paper creates a ten-year average of all of these flows from all of the local authorities involved and uses that aggregated total in the need assessment calculation for Tandridge. The implication of this approach is that Tandridge is part of the HMA for all of these local authorities.

However, Tandridge is neither working jointly with nor does it appear in the Housing Market Area evidence for any other local authorities and so the needs from these other local authorities should not be included in the Tandridge need assessment.

This is made clear in advice from the Planning Advisory Service which says: *“... local planning authorities should make objective assessments of the need for market and affordable housing, working jointly with neighbouring authorities who share the same housing market area”*.

The Tandridge Duty to Cooperate Statement Update 2015 includes minutes from meetings with other local authorities all of which describe housing market links with Tandridge as minimal or very minor.

Therefore, the approach taken in the OAN paper which attributes need from a wide range of local authorities to Tandridge, even though Tandridge is not in the HMA evidence of those local authorities, is not compatible with either the NPPF or the NPPG.

As the vast majority of the OAN figure shown in the OAN paper is comprised of inward migration which should not be included in the needs assessment, the OAN figure is significantly inflated.

These are some of flaws which our experts have identified. Even if they do not apply to your particular area of Surrey and its OAN, what is clear is that the standard projections have to be properly amended to reflect local factors and that is not always done correctly in the SHMA and OAN work.

Every area needs to be very aware of its own individual special circumstances and make sure these are properly taken into account.

I think it's fair to say that nothing should be taken at face value, every assertion should be checked to see if it is valid, legally compliant and based in reality, and should be tested against what is needed to fit local factors.