

“Mutant” Housing Need Algorithm Abandoned?

There was a sense of inevitability about the housing secretary Robert Jenrick's decision on 16 December 2020 to abandon a revised formula (dubbed the “mutant algorithm”) that was supposed to calculate the starting point for how many houses each local authority in England might have to build. From the moment the Housing Secretary published a consultation on planned changes to the current formula in August 2020, it was clear that there was going to be trouble.

The revised formula was designed to ensure not only that the government would meet its target of building 300,000 new homes a year but that they were built where housing pressures are greatest. Those pressures, partly measured by changes in affordability over the last ten years, unsurprisingly turned out to be in affluent Tory suburbs in the southeast.

That answer was never going to satisfy the Tory MPs who represent those suburbs. More than 80 had signalled their intention to rebel, including Theresa May, the former Prime Minister.

Representing a complete U-turn, the formula has essentially been fudged to give a more palatable answer. Instead of building the new homes where people want to live, they will now be focused where Tory MPs think they should live. That is in England's 20 largest cities and urban centres (which are predominantly in Labour control).

It is hard to see how this is consistent with the Government's objective of levelling up (it would mean that almost one in three new homes is expected to be delivered in London or how it fulfills the commitment, repeated many times, to focus additional homebuilding in the country's least affordable areas, many of which will now see no change in their housing need figures.

Will this deliver the right homes in the right places?

The intention to prioritise brownfield sites and optimise the conversion of under used space in urban centres is clear and the allocation of additional funding to support is welcome. Many centres have untapped potential to incorporate more homes. The Government clearly hopes its proposed extension of permitted development rights will accelerate delivery. The reality, however, is that this is likely to produce types and tenures of homes which respond to only a fraction of the market's needs. In particular it will deliver insufficient family and affordable housing which are in such short supply.

There is growing evidence that the effects of the pandemic have shifted housing demand away from city centres and towards locations less dependent on a daily commute, and where facilities for home working and access to gardens and green space can be more easily met. The revised approach does nothing to address these needs and potentially exacerbates the constraints on supply of new homes in such areas.

It is to be hoped that in its promised updating of national planning policy the Government recognises that meeting needs is not all about the numbers; the quality, type and tenure of homes is equally important.

It is clear that the Government has missed an opportunity to radically change what it has acknowledged to be a broken formula. The onus must therefore, in this context, be on local authorities to plan proactively for the homes that are needed. For authorities across the South, a positive mindset is essential to support the delivery of new homes if extreme affordability issues are to be addressed. This will be ever more important in those areas where the behavioural shifts of 2020-21 have increased pressures on local housing markets, to ensure that housing options are open to all, and not just those who can afford rising prices.

Paradoxically, there is clearly a view in Government that the less challenging targets for the majority of non-urban authorities will ease the Local Plan making process, perhaps encouraging them to progress with their plans more quickly.

As a specialist land promoter Catesby Estates keeps fully abreast of new policy announcements and can advise landowners on new opportunities for development which may arise.

Could your land have development potential?
Find out more about land promotion:

Ed Barrett

Associate Director, Planning, Catesby Estates plc

T: 01926 836910

E: edb@catesbyestates.co.uk

W: www.catesbyestates.co.uk

