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The Rt Hon Michael Gove, MP, Secretary of State
Department for Levelling Up, Housing and Communities
2 Marsham Street
London SW1P 4DF

16th November 2023

Dear Secretary of State

Housing targets, Homes England, and the proposed development West of Ifield

I am writing to you regarding three Housing issues. First to illustrate how use of the Standard Method to set local housing targets is leading to a 'vicious circle' of population growth in some areas. Second to express concern about Homes England's capacity to deliver infrastructure and housing that serves local needs. And third to express concern at Homes England's proposals for 3,000 new houses between Horsham and Crawley in West Sussex. The site is known as West of Ifield, and I am writing as chair of Save West of Ifield, and on behalf of our thousands of supporters. I have today delivered to your offices a petition signed by over 5,500 people opposed to this development as proposed by Homes England.

1. The Standard Method

The NPPF consultation in 2022-23 suggested there could be future consultation on the Standard Method. This is needed urgently, and I would respectfully suggest that it is prioritised, to align with other policy reforms such as brownfield first.

My analysis¹ (at Annex A) shows that the Standard Method as it now stands is deeply flawed and is causing serious problems in many areas of the south-east, and especially Horsham. The analysis shows that the Standard Method does not produce genuine estimates of 'objectively assessed need' as claimed, but rather concentrates house-building in the most profitable areas. This is obviously contrary to what levelling-up should be about.

The Method has two serious flaws: use of an 'affordability adjustment' which skews targets towards expensive areas (based on spurious economic arguments); and the way in which ONS population data are used has the effect of continuously ratcheting-up targets and hence population growth in these areas. Please see Annex A for more detail on what this means for Horsham. The analysis and calculations have been corroborated by local planning officials.

2. Homes England

We have serious concerns about Homes England's capacity to deliver, based partly on our own experience and reports from the residents of Northstowe – Homes England's flagship development near Cambridge. But also based on government reports that paint a picture of an organisation under considerable pressure, and suffering a shortage of skills and capability to deliver.

¹ My qualifications for performing the analysis are 35 years in the Government Statistical Service, including 12 years at the Bank of England, 11 years at the ONS, and six years at the IMF and OECD.

In our dealings with Homes England we've been surprised by their capacity for unprofessional behaviour – we expect better from a government agency. Examples include:

- Significant exaggeration and sometimes economy with the truth: their complete distortion of the public response to their 2022 West of Ifield consultation exercise², their claim that the West of Ifield will create jobs (beyond construction) but admitting this was untrue when challenged last year and then continuing with the claim in current material, their claim that there is no demand for Ifield Golf Course, and their massive overstatement of the extent and type of local housing need.
- For decades their stewardship of the Ifield Court Farm land has been insensitive and authoritarian if not hostile to the legal rights and the long-established use and needs of the local community. Completely different to the behaviour of other land-owners needing to manage footpaths.

The experience of residents at Homes England's Northstowe³ site does not bode well. You will have seen the BBC and press articles reporting that although people started moving in in 2017, and more than 1,200 homes are now occupied of a planned 10,000 there are still no shops, GPs or community facilities, beyond three schools. They talk of a broken-promise new town built 'with no heart'. Why should we have any confidence that Homes England would do any better for West of Ifield?

Recent government audits and their own Annual Report suggest that Homes England is an organisation under considerable pressure:

- To facilitate delivery of large volumes of new housing in a very difficult economic climate,
- To adapt to a new remit for that delivery in line with the levelling-up agenda, and at the same time
- To transform itself in the light of criticism of its weak governance, risk management and controls.

A key criticism from the chair of the HCLG Select Committee⁴ in late 2021 was that Homes England's remit to concentrate building in the richest areas was "completely counter-productive in getting housing investment to be part of the levelling-up agenda". Maybe as a result, their 2023–28 Strategic Plan⁵ seems to suggest they are now entirely concerned with urban regeneration – there is no mention at all of greenfield development or building in the South of England. This is a massive turnaround in remit which would take a lot of resource and expertise to implement properly.

But it's far from clear that Homes England will be able to deliver under either the old or the new remit. In 2019 the National Audit Office questioned⁶ Homes England's management of credit-risk from Help To Buy mortgages, and Homes England's own internal audit report of 2020-21 identified "significant weakness in the frameworks of governance, risk management and controls". Their Annual Report⁷ 2022-23 spells out the significant risks to capability and change management caused by their skills shortages.

So in conclusion, we're very concerned that Homes England exists to serve the interests of developers and mortgage lenders rather than communities and local authorities, and so is still under enormous pressure to facilitate profitable development opportunities on greenfield sites in the south-east. We suspect that Homes England is pushing on with unsound projects, such as the West of Ifield, and that corners are being cut at every stage. There is evidence that this is a severely stressed organisation without the capability to do an adequate job, and that it's local people and the new residents of their developments who pay the price.

3. Homes England's proposed development West of Ifield

² Homes England report – [Consultation Summary and Feedback Report.pdf](https://www.savewestoffield.co.uk/newsletters) and SWOI critique in April newsletter – <https://www.savewestoffield.co.uk/newsletters>

³ <https://www.bbc.co.uk/news/uk-england-cambridgeshire-66156561>

⁴ [15 November 2021 - Work of Homes England - Oral evidence - Committees - UK Parliament](https://www.parliament.uk/business/committees/committees-a-z/commons-select/homes-england/)

⁵ <https://www.gov.uk/government/publications/homes-england-strategic-plan-2023-to-2028>

⁶ <https://www.nao.org.uk/wp-content/uploads/2019/06/Help-to-Buy-Equity-Loan-scheme-progress-review.pdf>

⁷ <https://www.gov.uk/government/publications/homes-england-annual-report-and-financial-statements-2022-to-2023>

Homes England is promoting 3,000 new houses on agricultural land and a much-loved golf course, in a biodiverse-rich area of the River Mole valley. Although Homes England claims there is enormous local need, this is untrue, and the neighbouring LPA – Crawley Borough Council – is strongly opposed despite being unable to satisfy its own (genuine) housing need. There are also many aspects of the Homes England proposal that are unsustainable, or based on myth.

Crawley Borough Council's opposition comes from several angles – presumptions about a ready availability of jobs and infrastructure which are untrue, lack of social housing in the scheme, the inevitable increase in traffic, the concreting-over of Crawley's only remaining area of rural fringe, and the disregard for Crawley's Local Nature Reserves and Wildlife Sites.

Among the many myths being peddled to justify the West of Ifield are:

- 'An ever-increasing supply of jobs at Gatwick' – a myth because new research⁸ shows that increasing automation has been reducing the numbers of related jobs – aviation, distribution, hospitality, retail, etc. – and that airport expansions rarely lead to significant numbers of new jobs. Gatwick's own estimates of job creation are discredited. Since the majority of aviation jobs are low paid, and many are insecure, there's an affordability mismatch with the new housing being delivered across Horsham, made worse by the fact that pay for the bottom 20% of aviation earners has collapsed in recent years.
- 'Crawley already has the facilities and infrastructure' – this is untrue. Crawley's GP and dental surgeries are already over-subscribed and residents are being assigned to GPs in Horsham. There are no dentists in Crawley taking NHS patients. East Surrey Hospital can't cope with the demand generated by the level of development already in the region.
- 'Ifield has a railway station' – but it struggles to cope with existing passenger numbers at morning/evening peak-times, as well as adding to the congestion and parking problems caused by school drop-off/pick-up. The platforms are short, dangerously narrow, with zero parking for cars or cycles and no obvious room for expansion due to surrounding housing and roads. The train service is also infrequent – two trains an hour in each direction – and no capacity for increase. Ifield Station is 1.8km from the centre of the site which, according to the CIHT⁹, is too far for most people to walk *"People will walk up to 800 metres to get to a railway station"*.

Probably the most unsustainable aspect of the West of Ifield proposal is the broader transport strategy. Access to the site is very poor – it is peripheral to Crawley and remote from any strategic road infrastructure. The roads connecting the site to Crawley or to any major roads have insufficient capacity – they're either country lanes or small suburban roads. In planning terms, the peripheral location of the West of Ifield site does not allow for appropriate opportunities to promote sustainable transport modes and its development would be contrary to both the NPPF sections 106 and 110.

To mitigate this Homes England are promoting the 15-minute neighbourhood concept, with a sustainable transport plan relying on bus travel, cycling and walking. As a result all the transport modelling assumes generous trip reduction rates, thereby reducing the impact of an additional 3,000 households and the possibility of their 4,200 vehicles. Unfortunately this mitigation won't work for the West of Ifield due to the lack of space to connect to the sustainable transport networks across Crawley i.e. there is no 'permeability' for cycle lanes and bus routes through the surrounding residential areas of Crawley into the town. Since no

⁸ *Losing Altitude* – New Economics Foundation. <https://neweconomics.org/2023/07/losing-altitude#:~:text=The%20environmental%20downsides%20of%20growth,pace%20of%20emissions%20reduction%20achievable.>

⁹ The Chartered Institution of Highways and Transportation (CIHT) – Planning for Walking (2015)

detail has been provided on how this will be overcome or funded – we assume it is viewed as Crawley’s problem.

In conclusion, we see our Local Planning Authority and others in the south-east forced to accommodate unjustifiable housing targets, the delivery of which is massively profitable for developers, but detrimental for residents and the environment. This situation is not sustainable.

I realise this letter contains a lot of detail, but I would be grateful for a response on the policy issue of housing targets – in particular the flaws in the Standard Method raised in Annex A – and on the operational issues raised around Homes England in section 2.

I am copying the letter to Peter Denton, CEO of Homes England.

Yours sincerely

Fenella Maitland-Smith

ANNEX A: Why house-building targets are grossly over-stated in most parts of the south-east

Housebuilding in Horsham over the past 20 years has very little to do with local need, and is almost entirely satisfying the demand from investors and households moving into the area. Horsham’s housebuilding targets and delivery are in excess of 900 houses a year and could rise to 1,200 a year if updated with 2021 population census data, and to 1,400 if required to include 200 Duty To Cooperate with Crawley. This rate of building is completely unrelated to local need, and means **Horsham is heading for unsustainable population growth.** Horsham’s population grew by 11.8% in the 10 years between the 2011 and 2021 ONS censuses, the highest of any local authority (LA) in Sussex or Surrey, and almost double the rate for England and Wales overall of 6.3%. See Table 1.

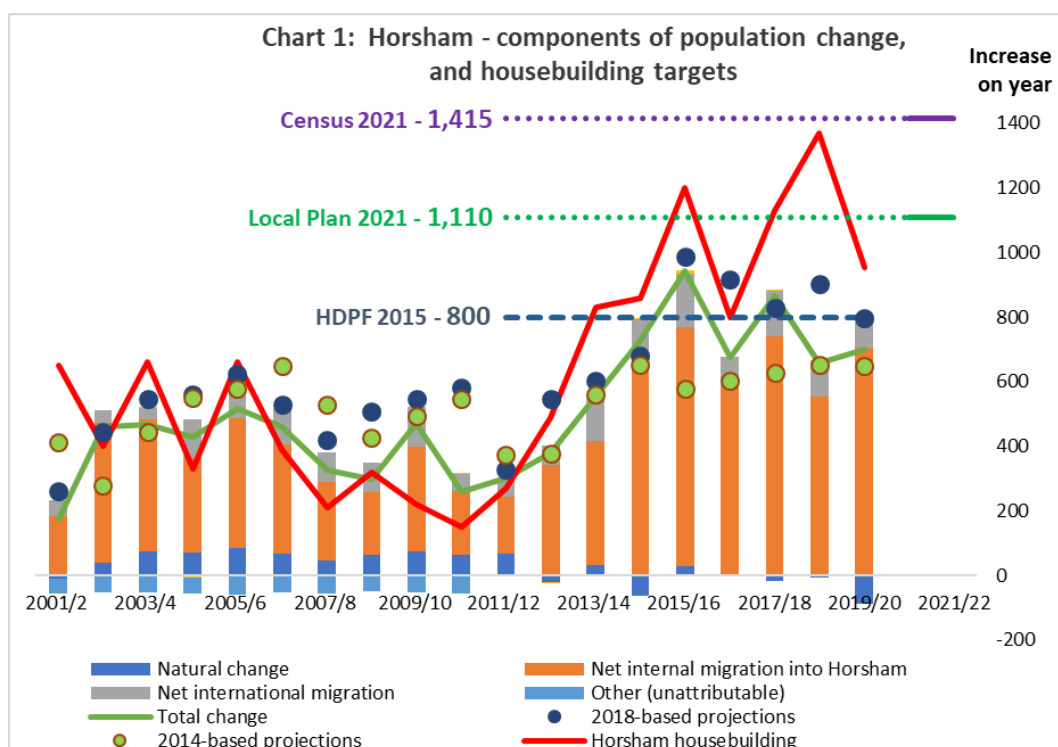
And going forwards, targets of 900 or 1,200 new houses a year will give us 14% or 18% growth over 10 years respectively.

How can this rate of growth be sustainable given the shortage of water in the south-east region, the inability of water companies to treat sewage safely, and the failure of developers and LAs to deliver the necessary infrastructure? And how does this rate of growth fit with the Council’s 30-year vision?

The shocking thing is that this **growth is the result of excessive housebuilding.** This is nothing to do with building to satisfy local need but is deliberate over-supply, with marketing to create demand from people outside the area. As a result, over 80% of the population growth is due to people moving into Horsham from Crawley (25% of the net inward migration in 2019), south London, Surrey, and other parts of the south-east. See a diagram of this ‘vicious circle’ on the next page.

Chart 1 shows how annual population change – bars and grey line – has been made up almost entirely of net internal¹⁰ migration (orange bars) and that births less deaths (natural change) has had little effect.

And it shows how this migration into Horsham is caused by new housebuilding – red line – which rose to 1,000 new houses a year in 2016. At a time when the Local Plan¹¹ target was 800 a year. There is a good correlation between the orange bars and the red line – although a gap opens up in recent years.



Given the ONS’s 2018 based projections take this migration into account, and the 2021 Census results for Horsham are very close to the 2018 based projections, it’s a reasonable assumption that they might be used

¹⁰ Internal migration refers to the movement of people between local authority areas within the UK.

¹¹ This Local Plan was called the Horsham Development Planning Framework 2015.

<https://www.horsham.gov.uk/planning/local-plan/read-the-current-local-plan>

in an updated calculation of the standard method, producing a new target of 1,415 new houses a year. This assumes unchanged affordability adjustment and Duty To Cooperate.

But what is genuine local need?

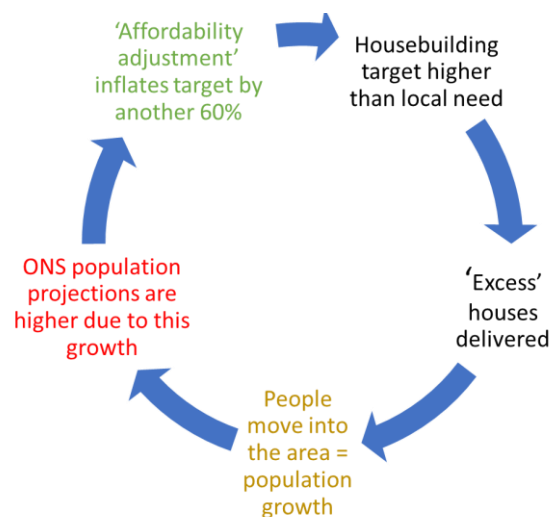
ONS data¹² show that Horsham’s population change due to births, deaths and international migration is consistently low and adds only around 100 households to the district a year. There are currently around 800 households waiting for social housing in Horsham according to the ONS, although the true need could be higher due to hidden households. The number of rough sleepers in Horsham is usually in single figures. So, taking a purely bottom-up approach might suggest a minimum need of around 300 - 400 new houses of which 200 - 300 should be social housing. So, a figure around 600 should provide space for delivery of social housing to address housing lists, and allow several hundred houses for internal migration into the District.

If genuine local need is around 400 houses a year, why is the target double this at 900+, possibly rising to 1,200?

The problem is the government’s Standard Method calculation¹³ which creates a vicious circle – a positive feedback loop where inflated targets in one planning period stoke further inflation in the next. See diagram below. The Standard Method ratchets up targets in two ways:

1. Step 1 uses the ONS’s population projections (red in diagram), which are based on the population trend of the previous five years, hence Horsham’s 2018-based projections¹⁴ (770 new households a year) reflect the rapid population growth between 2013 and 2018, driven by rapid growth in housebuilding (Broadbridge Heath, Southwater, Billingshurst, Kilnwood Vale, etc.). This compares to the 2014-based projections of 600 households a year. But including these high rates of inward migration in the projection has a compounding effect and leads to spiralling – and eventually exponential – growth. This is one aspect of the vicious circle of target setting, and should be replaced by a bottom-up approach using the components of population growth – births, deaths, etc. – rather than the overall figures; and
2. Step 2 (green in diagram) which applies a spurious ‘affordability adjustment’ to the ONS figures, based on the false premise that prices are high due to lack of supply. But this is a gross over-simplification of the

The vicious circle caused by the Standard Method



¹² [Estimates of the population for the UK, England, Wales, Scotland and Northern Ireland - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/people-population/population-and-demography/population-projections)

¹³ <https://www.gov.uk/guidance/housing-and-economic-development-needs-assessments>

¹⁴ [Household projections for England - Office for National Statistics](https://www.ons.gov.uk/people-population/population-and-demography/population-projections)

housing market, and is widely discredited by economists in government^{15,16} and academia^{17,18} who show empirically that increased supply does not bring down prices, but instead house prices primarily respond to interest rate change, as is currently observed. The affordability adjustment adds another 50-60% to the ONS projections, giving targets of 900+ and 1,200+ for 2014 and 2018-based projections respectively. This is the other aspect of the vicious circle – over-building, pulling people into the area, and so pushing up the ONS's projections of future population in Step 1, giving higher and higher targets and population growth.

So we go from genuine local need of 400 houses a year to 1,200 because of an algorithm using the wrong data, and an adjustment based on incorrect and discredited 'economic theory'.

The Standard Method does not address Need or Affordability, but is a device to deliver the government's policy target of 300,000 new houses a year, and to concentrate them in the most profitable areas. It will result in exponential population growth in these areas. If HDC's vision is to accelerate the provision of housing for people from other areas, the term 'local need' should not be used. Particularly when local people feel that the district's greenfield areas are being sacrificed for developer profit, and zero local benefit.

Local Authorities should argue that genuine need should be estimated based on housing registers, birth and death rates, and employment opportunities. And Horsham Council cannot agree to targets in excess of 600 houses a year.

¹⁵ *Houses are assets not goods* – Bank of England research arguing that '...housing is an asset, whose value should be determined by the expected future value of rents, rather than a textbook demand and supply for physical dwellings. ... we develop a simple asset-pricing model, and combine it with data for England and Wales. We find that the rise in real house prices since 2000 can be explained almost entirely by lower interest rates. Increasing scarcity of housing, evidenced by real rental prices and their expected growth, has played a negligible role at the national level.' <https://bankunderground.co.uk/2019/09/06/houses-are-assets-not-goods-taking-the-theory-to-the-uk-data/>

¹⁶ *UK house prices and three decades of decline in the risk-free real interest rate* – Bank of England Staff Working Paper, December 2019. <https://www.bankofengland.co.uk/working-paper/2019/uk-house-prices-and-three-decades-of-decline-in-the-risk-free-real-interest-rate>

¹⁷ Simon Wren Lewis – Professor of Economics, University of Oxford. <https://mainlymacro.blogspot.com/2018/02/house-prices-and-rents-in-uk.html>

¹⁸ Nick Gallent - Professor of Housing and Planning, UCL. https://discovery.ucl.ac.uk/id/eprint/1546192/1/Gallent_Housing_supply_investment_demand.pdf

Table 1: Population change between 2011 and 2021, local authorities in Sussex, Surrey and Kent

| LA name | Usual resident population, 2011 | Usual resident population, 2021 | Percentage change |
|--|---------------------------------|---------------------------------|-------------------|
| Dartford | 97,365 | 116,800 | 20.0 |
| Maidstone | 155,143 | 175,800 | 13.3 |
| Ashford | 117,956 | 132,700 | 12.5 |
| Horsham | 131,301 | 146,800 | 11.8 |
| Swale | 135,835 | 151,700 | 11.7 |
| Crawley | 106,597 | 118,500 | 11.2 |
| Arun | 149,518 | 164,800 | 10.2 |
| Reigate and Banstead | 137,835 | 150,900 | 9.5 |
| Tonbridge and Malling | 120,805 | 132,200 | 9.4 |
| Runnymede | 80,510 | 88,100 | 9.4 |
| Chichester | 113,794 | 124,100 | 9.1 |
| Mid Sussex | 139,860 | 152,600 | 9.1 |
| Epsom and Ewell | 75,102 | 80,900 | 7.7 |
| Spelthorne | 95,598 | 103,000 | 7.7 |
| Wealden | 148,915 | 160,100 | 7.5 |
| Worthing | 104,640 | 111,400 | 6.5 |
| Elmbridge | 130,875 | 138,800 | 6.1 |
| Tandridge | 82,998 | 87,900 | 5.9 |
| Waverley | 121,572 | 128,200 | 5.5 |
| Adur | 61,182 | 64,500 | 5.4 |
| Gravesham | 101,720 | 106,900 | 5.1 |
| Surrey Heath | 86,144 | 90,500 | 5.1 |
| Sevenoaks | 114,893 | 120,500 | 4.9 |
| Thanet | 134,186 | 140,600 | 4.8 |
| Guildford | 137,183 | 143,600 | 4.7 |
| Woking | 99,198 | 103,900 | 4.7 |
| Dover | 111,674 | 116,400 | 4.2 |
| Canterbury | 151,145 | 157,400 | 4.1 |
| Rother | 90,588 | 93,100 | 2.8 |
| Lewes | 97,502 | 99,900 | 2.5 |
| Mole Valley | 85,375 | 87,400 | 2.4 |
| Eastbourne | 99,412 | 101,700 | 2.3 |
| Folkestone and Hythe | 107,969 | 109,800 | 1.7 |
| Brighton and Hove | 273,369 | 277,200 | 1.4 |
| Hastings | 90,254 | 91,100 | 0.9 |
| Tunbridge Wells | 115,049 | 115,300 | 0.2 |
| Source: Office for National Statistics – Census 2021 | | | |