

**BANES
CORE STRATEGY DPD
EXAMINATION**

**The Housing Requirement and
Strategic Housing Market
Assessment (SHMA)**

HEARING DATE:

**TUESDAY 10 AND WEDNESDAY 11
DECEMBER 2013**

STATEMENT

PREPARED BY:

**WOOLF BOND PLANNING LLP
CHARTERED TOWN PLANNING
CONSULTANTS**

For

Duchy of Cornwall

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1.0. Preamble

1.1. This Statement has been prepared following consideration of the issues raised in ID/42 (and ID/41) and follows the consideration of SHMA matters at the September 2013 Hearing pursuant to the issues set out in ID/35 and ID/32.

1.2. The overarching question to be addressed at the Hearings on 10 and 11 September is set out in ID/42 is follows:

“The overarching question for this hearing is whether the Council’s assessment of housing needs and the resulting housing requirement accord with the requirements of the NPPF.”

1.3. This question is addressed below in the context of the individual responses to certain of the issues raised in the subservient questions that follow.

1.4. In short, and for the reasons set out in our earlier submissions, together with those from the development industry generally (including BNES/50), we are of the view that the 12,700 dwelling requirement (the Core Strategy amendments now plan for 12,956 dwellings) to be met in the period 2011 to 2029 fails to provide for a sufficient level of growth in accordance with the tests of soundness set out in the NPPF.

2.0. Responding to the Questions

Questions 3.2 to 3.4

The Policy Basis for Assessing Housing Need and Identifying the Housing Requirement

2.1. The appropriate guidance is set out at paragraphs 47, 50, 154, 156, 157, 158 and 159 of the NPPF as follows:

- Ensure that the Local Plan meets the full objectively assessed needs for market and affordable housing in the HMA (Para 47)
- Plan for a mix of housing based on current and future demographic trends, market trends and needs as well as identifying the range of housing that is required (Para 50)

- Local Plans should address the spatial implications of economic and social change (Para 154)
 - The Local Plan should set out the strategic priorities and policies for the area, including in relation to the homes and jobs needed (Para 156)
 - Crucially Local Plans should plan positively for the development required in the area to meet the objectives, principles and policies of this Framework (Para 157)
 - Each LPA should ensure that the Local Plan is based on adequate, up to date and relevant evidence about economic matters (Para 158)
 - LPAs should have a clear understanding of housing needs in their area and should prepare a SHMA to assess their full housing needs. The SHMA should, inter alia, meet household and population projections taking account of migration and demographic change and address the need for all types of housing (Para 159)
- 2.2. The guidance set out in the NPPF in so far as it relates to the identification of an objectively assessed housing requirement is supplemented by that set out in (i) the CLG Housing Market Assessment Practice Guidance V2 (2007), (ii) DCLG Estimating Housing Need (2010); and (iii) the more recent advice contained in the NPPG (August 2013).
- 2.3. Our understanding is that the responses on the draft NPPG are being reviewed by Ministers and the DCLG with the final version to be adopted by the end of January 2013. In so far as it is still in draft it carries only limited weight but the expectation is that will become an approved document during the course of this examination process and the Inspector will thus need to have due regard to its emerging status. However, and notwithstanding, the key themes remain which relate to, inter alia, ensuring a robust and credible assessment of housing need.

Questions 3.5 to 3.9

Population Projections

- 2.4. BNES/50 highlights the principal issues between the development industry and BANES in relation to the modelling of a housing requirement based upon variances of population projections. We do not dissent from that position given the concerns raised in relation to certain of the SHMA forecasts and assumptions contained therein.
- 2.5. A determining factor in deriving an appropriate assessment of the likely increase in population is the acceptability of relying on past trends. This is of particular concern in Bath where housing growth in particular has been constrained due to the lack of completions when compared with the implied annualised requirement.
- 2.6. In addition, relying on ONS interim population projections for the ten year period 2011 to 2021 may result in a further under-estimate of the likely population growth, particularly given the wording at page 19 of the DCLG's Housing Statistical Release on Household Interim Projections (April 2011) where it is advised that:

“...the long-term trend in household numbers of previous demographic trends in the population and household formation rates were to continue into the future. These interim projections only span for a 10-year period so users that require a longer time span would need to judge whether recent household formation trends are likely to continue.”

- 2.7. This matter has been considered in the Inspector's interim conclusions on the stage 1 (housing) matters to the examination of the South Worcestershire Development Plan (28 Oct 2013) where he concluded that the 2011-based projections reflect the fact that past household formation has been suppressed by a combination of reduced supply and lower effective demand with the corollary being that in more favourable economic conditions that are expected in future years there will almost certainly be a return to higher rates of household formation. The Inspector goes on to state:

“Thus it would be unwise to rely on the household growth rates shown in the 2011-based projections persisting throughout the plan period.”

- 2.8. This issue is also identified in the NPPG at ID2a-015-130729 where it is stated that the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends e.g. formation rates may have been suppressed historically by under-supply and worsening affordability of housing. The assessment of housing need will therefore need to reflect the consequences of past under delivery of housing. It is further added that as household projections do not reflect unmet housing need, local planning authorities should take a view based on available evidence of the extent to which household formation rates are or have been constrained by supply.
- 2.9. On the basis of the foregoing, including for the reasons set out in BNES/50 and the need to ensure the Local Plan meets housing needs in full, a higher trend migration figure should be applied as this has the best prospect of addressing any shortcomings by previous under provision in housing which may have served to suppress migration trends. This is also a means of addressing demand for housing within BANES from adjoining authorities and HMAs including Bristol particularly in the context of the need to undertake cross-boundary cooperation.
- 2.10. The Duchy is seeking to ensure that the Local Plan provides for an appropriate level of housing growth in line with objectively assessed needs as required by the NPPF.

Q3.22 to Q3.27

Affordable Housing

- 2.11. There is a demonstrable need for affordable housing within BANES which forms a substantive part of the objectively assessed requirement.
- 2.12. Paragraph 47 of the NPPF sets out a clear requirement for LPAs to ensure that their Local Plan meets the full objectively assessed needs for market and affordable housing.
- 2.13. In relation to affordable need, this was identified in the West of England SHMA (CD4/H11) as a figure for BANES totalling 847 dwellings per annum in the period 2009 to 2021. It is unclear how this requirement has been identified

and/or addressed in the SHMA update (CD9/H4) which matter is to be explored at the examination.

Q3.32 to 3.34

Calculating the Overall Housing Requirement

- 2.14. ID/41 sets out the three issues for discussion at the hearings on 10 and 11 December as follows:
- Assessment of the housing requirement (including overall affordable housing assessment).
 - All matters concerning the SHMA (and updates); and
 - Calculation of the housing requirement in Annex 1 of the report to Council 4 March 2013.
- 2.15. We have considered all of the bullet points in previous submission and rely on the content of those statements together with the more recent documents produced for the Examination Library, including BNES/50 in coming to the conclusion that the Plan fails to make provision for sufficient housing to meet identified needs during the plan period.
- 2.16. In the content of the final bullet point, the 12,700 dwelling requirement to be met in the period 2011 to 2029 represents an increase of circa 1,800 dwellings when compared with the submission Core Strategy. However, and notwithstanding publication of the SHMA the justification for this figure remains to be demonstrated.
- 2.17. Table 4 at Annex 1 to the Report to Council dated March 2013 (CD9/CP3) identifies a requirement for 7,470 dwellings during the 18yr period (2011 to 2029). It then adds the pre 2011 backlog of 1,167 dwellings (see also BNES/32) resulting in a requirement for 8,637 dwellings. This figure is then subtracted from a SHLAA supply of 10,852 dwellings with the difference (2,215) added to the 8,637 requirement to produce a figure of 10,852. A figure for affordable housing of between 1,400 to 1,900 dwellings is then added which results in a requirement figure of between 12,274 and 12,749 dwellings. This appears to represent the 12,700 figure carried forward in the Core Strategy. However, the Council has not explained how it translates a SHLAA supply figure into an assessment of objectively assessed need in

order to derive a robust and credible requirement figure. Moreover, the 12,700 requirement figure fails to reflect any of the requirement figures set out in Figure 59 of the SHMA.

- 2.18. We welcome the opportunity to comment on the assessment of supply in deriving a need figure as part of the debate at the forthcoming hearing sessions. This lack of explanation was previously identified at paragraph 1.3 of ID/33 as an issue to be addressed by the Council.
- 2.19. In addition to the above, whilst the Council's definition of the SHMA area (CD9/H4) has changed to that set out in the West of England SHMA (CD4/H11) there remains the need to consider the relationships with adjoining authorities and neighbouring market areas having regard to the Duty to Cooperate set out at paragraphs 178-181 of the NPPF.

3.0. Summary

- 3.1. For the reasons set out in the various submissions to the Examination, the Council has not demonstrated that the Plan has been:
- **Positively Prepared** having read to the identification of an objectively assessed housing requirement.
 - **Justified** in relation to the reasonable alternatives in meeting an increased housing requirement.
 - **Consistent with national policy** – in relation to the need to meet the full objectively assessed needs for market and affordable housing.
- 3.2. The Duchy does not set out an alternative requirement figure but instead defer to the alternative models that have been produced by participants to the Examination that identify a need for a greater number of dwellings as best meeting objectively assessed need when assessed in relation to the variables and inputs that are fed into the statistical analysis.
- 3.3. The evidence points to a housing need in excess of the 12,956 dwellings now proposed to be met during the plan period 2011 to 2029 (720dpa).
- 3.4. Finally, whilst it is acknowledged, as per 3.35 in OD/42 that the Hearing is not concerned with housing delivery, an important issue for debate is the

approach to deriving the housing requirement which matter was considered in the examination of the Hart Local Plan (July 2013) (Annex C to our September Hearing Statement) with the Inspector's conclusions stating at paragraph 20 as follows:

“Put simply, for a local plan to be considered sound in terms of overall housing provision it is first of all necessary to have identified the full, objectively assessed needs for housing in the HMA. Having done this it is necessary, working collaboratively and through co-operation with other authorities where appropriate, to seek to meet these needs in full and to demonstrate how they will be met or alternatively to provide robust evidence that they can't.”

- 3.5. It is not appropriate for the Council to apply supply side constraints to deriving a requirement figure as stage 1 of the assessment. Rather, the full objectively assessed need should be identified and then robust evidence is needed to show why such a requirement figure cannot be met in full. It is not acceptable, having regard to the aims of the NPPF, to have a constrained-based approach to the assessment of need which matter will be addressed in subsequent sessions to this Examination.
