

Bath and North East Somerset Council Core Strategy Examination

Issue 1 – Is the planned District-wide scale of provision for jobs and homes justified and is there sufficient flexibility to reflect uncertainties in forecasting and changing circumstances?

Tuesday 17 January 2012

1. The planned District-wide scale of provision for jobs and homes is not justified by robust evidence; and in particular would be ineffective in meeting demonstrable affordable housing needs. There is insufficient flexibility and contingency to reflect uncertainties in forecasting and changing circumstances. These are fundamental weaknesses which will impede both “social progress” and “economic prosperity”.
2. There has been insufficient regard given to the Sustainable Community Strategy (CD4/04). The following key elements of the Sustainable Community Strategy are prejudiced:
 - The aspiration for “greater housing options” which are better for the environment and people’s budgets (preface).
 - The creation of sustainable, vibrant and inclusive communities (page 3).
 - Addressing one of “the top priorities for local residents” – “affordable housing” (page 7).
 - Providing “an appropriate level of contemporary affordable housing ... to help attract and retain staff locally” (page 14).
 - The focus on reducing “the need for commuting to major urban centres” (page 17).
 - The focus on increased “access to housing (particularly affordable housing)” across the District (page 17) and “improved access to good quality housing” (page 24).
3. The Council’s Sustainability Appraisal of the Core Strategy (CD4/A10) is fundamentally flawed. The sustainability baseline / issues / characteristics of the area are reasonably well defined on page 10. Inter alia the social and economic consequences of high house prices and a lack of affordable housing; the concentration of affordable housing need at Bath City; and the need for the delivery of an appropriate mix of decent, affordable homes as a “priority” are identified. We can only agree that without the plan “it is unlikely that B&NES will be able to provide enough affordable housing to satisfy future requirements”. However, the assertion that the “pro-active planning represented by the plan” will “provide enough affordable housing to satisfy future requirements” is nowhere substantiated nor indeed is any tangible likely “social progress” in this regard. Indeed it is far from demonstrable that the core Strategy accords affordable housing provision any special “priority”. Nor is it evident that the Core Strategy contains any particular measures tailored to addressing the concentration of affordable housing need at Bath City.

4. In terms of PPS3, it is clear that the Council has not had sufficient regard to “evidence of current and future levels of need and demand for housing and affordability” at the “local and sub-regional levels”. The key starting point is the Strategic Housing Market Assessment (CD/4/H11). The “other” relevant information we rely upon is our own detailed report appended to our submitted representations. We also attach as **Appendix 1** an extract from a recent presentation by Oxford Economics demonstrating the sub-regional affordability problems across the West of England in the South West context; and the particular extremity of the issue in Bath and North East Somerset.
5. It is clear that the Council has paid insufficient regard to the Government’s overall ambitions for affordability across the housing market. There can be no doubt that this ambition remains current Government policy as evidenced in Laying the Foundations: A Housing Strategy for England (November 2011) (CD number still awaited). We refer particularly to the foreword by the Prime Minister and the Deputy Prime Minister and paragraphs 1 to 11 of the Executive Summary. We also attach as **Appendix 2** an article published in Inside Housing of 2 December 2011 by the Housing Minister, Grant Shapps MP. We highlight the first and last paragraphs, each of which emphasise the long term thinking and commitment to creating the right legacy for future generations.
6. We do not consider that the proposed housing provision is based on a proportionate and robust evidence base as required by paragraph 28 of the draft NPPF. The Core Strategy could not be considered sound if the draft NPPF was adopted as it is currently written, as the housing target does not accord with the following requirements:
 - it does **not** meet household and population projections, taking account of migration and demographic change;
 - it does **not** address the need for all types of housing, including affordable housing and the needs of different groups in the community (such as families with children, older people, disabled people, service families and people wishing to build their own homes); and
 - it does **not** cater for housing demand and the scale of housing supply necessary to meet this demand.
7. The Plan for Growth (CD1/15) and the draft NPPF also focus on the need for integrated strategies for employment. The Core Strategy does not provide for the higher economic growth aspirations of the Local Enterprise Partnership.
8. We note the Inspector’s comments in ID/7 in respect of Issue 4 that there is clearly a well justified need for a substantial scale of affordable housing and that the need is much more than is likely to be delivered in any realistic scenario; and therefore that the need requires no further exploration in the context of Policy CP9. We trust, however, that the Inspector comprehends the centrality of the issue to the whole Core Strategy. In any event, catering for a range of incomes and types of household including those in need of affordable housing is embedded in the second bullet point of Objective 5 of the Core Strategy, which is entitled “Meet Housing Needs”.

9. We accept that the Secretary of State's Proposed Modifications to the emerging RSS carry **no policy** weight. However, the **evidence** and both the Panel's and the Secretary of State's **conclusions** based upon that **evidence** do carry **some** weight. In this context we would draw particular attention to:
- The recognition of the regional importance of affordable housing with the level of the affordable housing target being increased from what was originally proposed and being considered in tandem with the overall housing (Secretary of State proposed target of 10,000 per annum out of a total housing provision of 29,623 per annum).
 - The strategic importance of the West of England sub-region as the "economic hub" of the region and the continued role of Bath as a strategically significant city and town.
10. The evidence base underpinning the RSS will remain a material consideration for the short and medium term, even after the RSS itself has been formally abolished when the provisions within the Localism Act come in to force. The Council claims to have produced its own robust and credible evidence base on which to base its housing targets. The problem is that the Council's evidence base is neither credible nor robust; if it was it might be acceptable to base 15 or 20 year housing targets upon it.
11. Our evidence (report appended to our representations) is that the affordable housing needs of the West of England sub-region are more severe than those of the South West region as a whole. The needs within Bath and North East Somerset and especially at Bath are especially severe, even in the national context. Furthermore all the indications are that the needs are considerably more severe than they were in 2008 when the Secretary of State issued the Proposed Modifications (for example the number of applicants on the housing register in the District has doubled; p12 of our report). The **potential** for these local needs to become even greater over the period to 2026 is considerable.
12. In 2008 the Secretary of State contemplated **at least** 35% of a total housing provision of 21,300 dwellings for Bath and North East Somerset (equates to 7,455 dwellings) being provided as affordable housing. The Council currently contemplates a target of only 3,000 affordable dwellings within a much reduced overall housing provision. Determining the affordable housing targets should not be a simple exercise of applying a 35% quota (it is interesting that the Council has chosen to stick with this figure) to whatever overall housing figure is proposed. The process should be iterative; during the course of which fundamental judgments are also made from the outset on what might be the minimum acceptable numerical affordable housing target in all the circumstances and various scenarios are tested against both achievability within a range of options for overall housing numbers and in the light of economic viability of delivery. The Council's actual approach seems to have been to fix overall housing provision at a minimum level that ensures no greenfield land need be released, apply the 35% quota slavishly and then treat the numerical affordable housing target as a residual; and subsequently make a further reduction on the fixed assumption that there are insufficient opportunities to deliver even this wholly inadequate number.
13. In our judgment the absolute minimum baseline target for affordable housing provision can be no less than 5,000 dwellings. It would appear that such a target

would necessitate a substantial increase in overall housing provision to at least 15,000 to 16,000 dwellings, thereby necessitating the release of greenfield / Green Belt land on the edge of Bath, where the affordable housing needs are concentrated. It is clear that the Council has given only very limited weight to meeting affordable housing needs in reaching the overall policy judgments contained within the Core Strategy. This is contrary to both the evidence and national policy guidance.

14. Local Planning Authorities in the West of England have not worked together to set housing targets which will meet the substantial demand for housing in the sub-region in their Core Strategies. Our recently updated research for the National Housing Federation identifies the total reduction in housing targets for West of England authorities as below:

- Bristol City Council – **9,560 dwellings**
- Bath and North East Somerset Council – **10,300 dwellings**
- North Somerset Council – **12,750 dwellings**
- South Gloucestershire Council – **11,300 dwellings**

This is a sub-regional total reduction of 43,910 dwellings or 37% of the original total. This is despite the 2008 household projections for the region (produced after the Secretary of State's Proposed changes to the RSS), showing no overall reduction on the 2006 projections. This does not demonstrate local authorities working together. In fact, this reduction represents 16% of all the reductions we are aware of nationally, which totals 261,624 dwellings, even though the sub-region is one of the strongest economies in the country outside of London and has significant growth prospects. In addition there are potential ramifications for Wiltshire and Mendip if inadequate provision is made at Bath in particular.

15. The Council is not justified in omitting to provide for the 850 dwellings not delivered in the Local Plan to 2006; we consider that the Core Strategy should make provision for this shortfall. This amounts to a backlog of two years of supply that has not been delivered. Some of the people who might otherwise have been housed may have left the area; many however will still be living in the District in accommodation unsuited to their needs – perhaps sharing or in overcrowded conditions and on the ever increasing housing register.
16. It is inappropriate to set an artificially low housing provision in the Core Strategy and then purport to review it in five years time when economic conditions may be different. The Core Strategy should be sufficiently flexible to deal with a range of economic conditions over the full plan period and include contingencies. Ensuring a flexible supply of housing land over a 15 year period is required by paragraphs 55 – 61 of PPS3 and paragraphs 107-110 to the draft NPPF. Furthermore the Plan should not be predicated on the world stopping at 2026.
17. The housing target appears to be driven by one overriding factor, the desire not to release any Green Belt or greenfield land. There has been no proper attempt to balance various competing planning considerations. The necessary flexibility to reflect uncertainties in forecasting and changing circumstances over the Plan period is entirely lacking.

18. We agree with the Secretary of State and the Regional Spatial Strategy Panel that an urban extension to the south of Bath will be required in order to meet housing needs, including affordable housing needs and older persons' housing needs. Such a solution is consistent with striking a careful and reasonable balance between protecting and enhancing the important environmental and cultural assets, and enabling the economic, social and cultural development of the city, including meeting its housing needs. Without sufficient housing to meet the current and future needs at the city, damaging commuting patterns will continue and those in most need will continue to be squeezed out of the market.

12.12.11

APPENDIX 1

EXTRACT FROM OXFORD ECONOMICS PRESENTATION



Building a recovery

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Oxford Economics

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18th November 2011

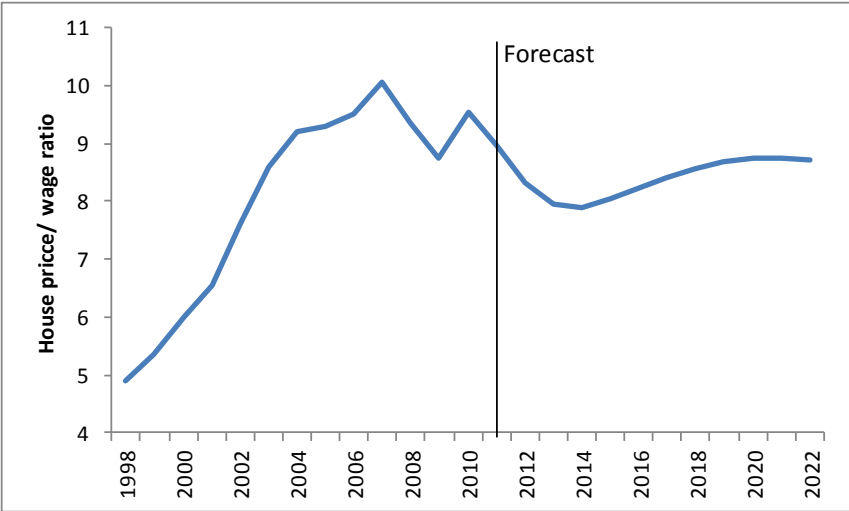
Understanding price risk

House price to wage ratio

	House price/ Wage ratio		House price fall required if ratio returns to long term average	
	LT average 1998-2005	Current	£000's	%
South West	6.79	9.34	-£58,000	-27%
Bath and North East Somerset	6.76	11.00	-£112,000	-39%
Bristol	5.71	8.85	-£73,000	-35%
North Somerset	5.09	7.84	-£77,000	-35%
South Gloucestershire	5.44	8.45	-£74,000	-36%
West of England	5.75	8.97	-£80,000	-36%

Source: Oxford Economics

House price to wage ratio, West of England, 1998-2022



Source: Oxford Economics

APPENDIX 2

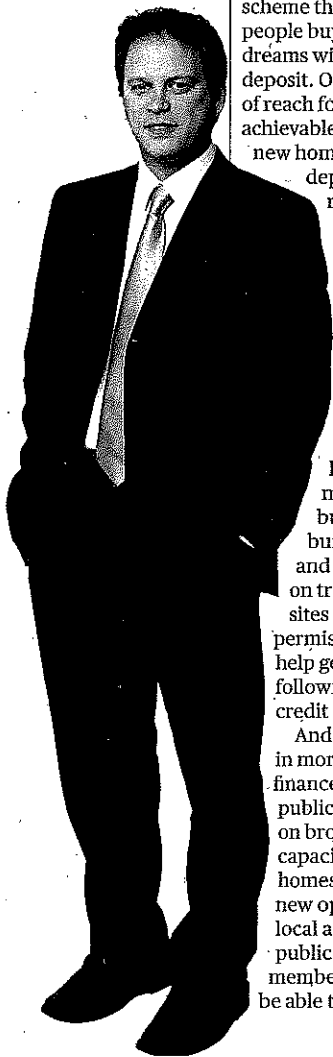
GRANT SHAPPS ARTICLE INSIDE HOUSING 2 DECEMBER 2011

Comment

First up

Building a better future

The housing strategy provides the basis for a successful, stable and fair housing market for years to come, says *Grant Shapps*



Last week the prime minister, the deputy prime minister and I launched this government's housing strategy for the future - *Laying the foundations*. The name is apt. For too long, short-term thinking and quick fixes have dominated the housing agenda. Now, for the first time, the measures announced will establish the basis for a successful housing market for decades to come.

The problems with the current housing system are clear. Lenders are not lending, builders are not building and buyers are not able to buy.

We are addressing all these problems, with one of the central goals being achieving longer term stability in the housing market.

We have announced plans for an industry-led mortgage indemnity scheme that will help up to 100,000 people buy the home of their dreams with just a 5 per cent deposit. Ownership, previously out of reach for many, will now be achievable. A typical purchaser of a new home currently needs a deposit of £40,000, this will reduce to £10,000. And because the house builder provides security for the loan as well as the government, this is all at a low risk to the taxpayer.

Building boost

We are helping the construction industry by launching a new £400 million 'Get Britain building' fund - to help get builders back on stalled sites and work on new homes back on track. These 'shovel ready' sites already have planning permission but this money will help get things moving again following the impact of the credit crunch.

And the government can help in more ways than just with finance. We are making more public land available, much of it on brownfield sites, with capacity for up to 100,000 new homes. Communities will have a new option to improve their local area by developing disused public land and buildings; members of the public will now be able to request the sale of

"The measures announced will open up the property ladder for the first time."

public land and buildings by filling in a simple and user-friendly form instead of being forced to battle through a quagmire of bureaucratic obstruction and indifference.

We will look to support individual innovation too. Last year self-builders were the largest group of builders in the country. With the announcement of a £30 million fund to help those wanting to embark on these custom-build projects, we aim to help fuel that success. Self-build is a revolution in the making and I intend to match the success it has had overseas.

But we are also looking to give a helping hand to those who need the safety net of social housing and to ensure fairness in how this precious resource is used. This is not just about tenancy agreements. Shortly, I will publish our plans to tackle social housing tenants on higher incomes who could afford to rent, or even buy, in the private sector. My 'pay to stay' proposals will ensure these higher-earning tenants don't benefit from the subsidised rent levels intended for those on much lower incomes, and either pay a rent closer to the market level or find alternative accommodation - freeing up the property for a family in need of a home.

All these elements of the housing strategy are, of course, complemented by the other action we are taking to get Britain building and ensure everyone has access to a roof over their heads.

Tackling homelessness

For example one of the reasons I got into politics in the first place was to help tackle the homelessness that, to our shame, still blights our country. I have already established the first ever cross-ministerial working group on homelessness, ensuring ministers from eight different departments have a responsibility to focus on this important issue. The No Second Night Out London pilot is already having an effect, but I want to see

this standard extended beyond the capital to every street in the country. That's why we're working with councils to see how this innovative project - which focuses on helping those who find themselves sleeping on the streets of London for the first time - can be implemented in all our towns and cities, to ensure no one spends more than one night sleeping rough.

The new affordable rent model gives councils the ability to charge up to 80 per cent of local market rents, taking into account the needs of their new tenants and what they can afford - and only doing so to use the extra rent revenues to invest in more new housing. Alongside flexible tenancies, councils will now be able to manage their stock more effectively and help the millions of people on waiting lists.

Community involvement

And for the first time we will make it attractive for communities to approve new developments. Through the new homes bonus we are giving them a good reason to say yes, by matching the council tax raised on new homes for six years and extra funding for new affordable properties.

Our strategy is not just about building homes at any cost. We know that the quality, sustainability and design of housing is just as important as how many new homes are built and that getting this right is crucial if communities are going to support new homes.

The central involvement of both the prime minister and deputy prime minister in the strategy demonstrates just how committed this government is to ensuring a fair, stable and successful housing market for everyone. The measures announced last week will improve the lives of hundreds of thousands of people and open up the property ladder for the first time. This lays firm foundations for housing growth in this country and creates the right legacy for future generations. I look forward to seeing the first building site back at work thanks to the Get Britain building fund, the first buyers getting keys to their new build properties, and the first families moving into their new affordable homes.

Grant Shapps is minister for housing and MP for Welwyn Hatfield