

Hearing Statement Issue 3

Spatial Strategy & Housing Need

Tetlow King Planning on behalf of Basingstoke
Holdings Ltd

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Issue 3: Spatial Strategy & Housing Need

Section 1

4.1.1 This statement responds to the questions set out in the Key Issues & Discussion Note Issue 3 Spatial Strategy & Housing Need and concludes with a summary of why the Plan is considered unsound.

Question 4.1

4.1.2 It is not considered policy SS1 is based on a sound assessment. The Local Plan ('the Plan') does not meet the full objectively assessed needs for market and affordable housing in the housing market area, as required by the NPPF. It fails to make every effort to objectively identify and meet the housing, business and other development needs of the area and respond positively to wider opportunities for growth, NPPF Core Principles para 17. It also fails to take account of market signals and does not allocate sufficient land which is suitable for development in the area.

Question 4.2

4.2.1 It is not considered the Plan's assessment of the household needs is based on the most up-to-date and robust objective assessment of housing need. PPG (ref 21-015-20140306) sets out that household projections published by DCLG should provide the starting point estimate of overall housing need. This approach has not been followed by the Council.

4.2.2 The SHMA 2014 identified an OAHN range of 550 to 1080 new homes to be provided each year, albeit at that time the Local Plan proposed a lower housing requirement. The SHMA Update 2015 states that the 2012 based SNPP, which they consider is 936 dwellings per annum, is not an appropriate basis to rely on to project future population change. The SHMA Update 2015 identified that on their analysis the demographic projections indicate that 813 dwellings per annum. So a difference of 123 dwellings per annum. Whilst PPG does recognise that the household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates, the example it provides is in relation to where formation rates may have been suppressed historically by under-supply and worsening affordability of housing. In such cases the PPF states 'the

assessment will therefore need to reflect the consequences of past under delivery of housing'. As we know from the Council's Housing Land Supply document (August 2015) over the four year period 2008-2010 against the 850 dpa figure there was a shortfall of 1,450 homes. This is likely to be higher given the OAHN figure is disputed. So in simple terms rather than decreasing the OAHN figure from the DCLG 2012 household projections the Council should be considering an increase to the OAHN figure as the starting point for the SHMA. Affordability is discussed further below.

- 4.2.3 PPG does state that adjustments can be made to household projection based estimates of housing need, but such changes would need to be clearly explained and justified on the basis of established sources of robust evidence. Given the DCLG projections provide a reliable benchmark and is used most commonly in SHMAs any changes would need to robustly justified. It is not considered this has been completed.
- 4.2.1 Looking at the OAHN figure further in relation to economic growth, the Local Plan policy EP1 sets a target of between 450 – 700 jobs per annum. Based on the information set out in the SHMA 2015 update, there is a requirement of 650 to 1,004 dwellings to support the jobs target. The mid point being 827, of which the SHMA considers 850 is a reasonable basis. However it could result in a shortfall of 154 dwellings per annum to support the job growth aspirations. It is recognised that Edge Analytics set out if out commuting is reduced then there would be sufficient workers to meet the demand for 700 jobs with a supply if housing of 807 dwellings per annum. The assumption is based on the majority of those out commuting is by higher skilled professionals which is the sector predicted to generate the highest level of employment growth.
- 4.2.2 However, there is a risk that by not increasing the housing requirement to support economic growth aspirations the Local Plan will fail to provide sufficient housing. The ELR 2014 assessed that 850 dwellings would increase the labour supply of 459 jobs, significantly under 700 jobs if the assumptions are not achieved.
- 4.2.3 There are other issues in relation to market signals and affordable housing, discussed further below which all point to an increase in the OAHN.
- 4.2.4 The sustainability benefits of meeting the higher end of the range was recognised in the SHMA 2014. It identified the higher range would meet all future needs based upon in-migration, as well as affordable housing need, along with supporting the delivery of 723 jobs per annum. The Sustainability Appraisal also considers a

housing requirement of 1,000dpa and recognises that it would provide new housing to meet needs, including a high level of affordable housing. It also states this option is the most support of economic growth and more supportive of investment in infrastructure, the provision of a wider choice of housing, and support for services.

Question 4.3

- 4.3.1 As discussed above the Council has discounted the 2012 based household projections however it is clear from the Council's own evidence base the DCLG 2012 based household projections would result in a starting point for the OAHN of 936 dpa.

Question 4.4

- 4.4.1 It is recognised that previous years delivery has been low, however this should be addressed as part of the I Plan and the allocations.
- 4.4.2 The Council indicate that the Liverpool approach is considered more suitable due to the low predicted completion levels over the next year (2015/16) and on the basis that the trajectory shows that the shortfall could be addressed over a period of 7 years (by 2021/22). However there are no guarantees that the trajectory will be accurate and the council are essentially putting off meeting the shortfall.
- 4.4.3 The Plan represents an opportunity now to put in place sufficient measures to address the backlog. It is noted the council state that any new allocations to meet the backlog would delay the planned adoption of the Plan to allow for the modifications. However the backlog has been known throughout the preparation of the Plan and the opportunity was present for the backlog to be addressed earlier. As such it is not considered the delay is an acceptable justification.
- 4.4.4 PPG (ref: 3-035-20140306) states that '*Local planning authorities should aim to deal with any undersupply within the first 5 years of the plan period where possible. Where this cannot be met in the first 5 years, local planning authorities will need to work with neighbouring authorities under the 'Duty to Cooperate'.*' There is no reference in the PPG to meet the shortfall over a longer period of time and states where it cannot be met the council should work with neighbouring authorities, this does not seem to be explored.
- 4.4.5 As such it is considered additional allocations are required to meet the under-supply.

Question 4.5

- 4.5.1 Whilst I have no comments on the forecast job growth figures, per se, with other representations discussing this further. However if the conclusion is that the job growth is too low then this will have a knock on impact in terms of ensuring there is sufficient housing supply.

Question 4.6

- 4.6.1 The Housing Needs Statement (August 2015) sets out that affordability has not significantly worsened and has not worsened in relation to neighbouring authorities, the South East average or the national average. PPG states (ref: 2a-020-20140306) comparisons should be made with longer term trends in the housing market area; similar demographic and economic areas and nationally. However, if the Council is taking the view (albeit there are concerns over this) that Basingstoke and Deane is within its own Housing Market Area, the comparison to other authorities is not relevant, if they experience a different set of circumstances.
- 4.6.2 Looking at the SHMA 2014 it specifically sets out that the borough residents' ability to buy their own home has become increasingly difficult. Average salaries in the borough increased by just over 20% to 2011, but property prices have increased by significantly more; lower priced properties by over 60% and average prices by 50%.
- 4.6.3 The analysis shows that assuming a deposit of 35% and a mortgage of 3.5 x income is obtained, there is still a significant shortfall which a prospective buyer would need to meet.
- 4.6.4 The SHMA 2015 Update confirms that there are still issues of affordability. It states that the ratio of lower quartile house prices to lower quartile earnings is 7.7 and affordability has generally worsened over the last decade. The minimum household income required to access lower quartile priced owner occupied property would be £32,000 and this is not accessible to 41.1% of the borough's population.
- 4.6.5 The SHMA 2015 also states that the borough has not experienced any worsening affordability when compared to neighbouring authorities therefore justifying no required to increase the OAN range to respond to market signals. However in comparison to the change within the borough itself, there has been a worsening affordability that should justify an uplift in the OAN.
- 4.6.6 Past under-supply has also been discussed and it is also considered the need for affordable housing all point towards an uplift required in the OAHN.

Question 4.7

- 4.7.1 Planning Practice Guidance sets out that HMA can be broadly defined by three different sources.
- 4.7.2 First looking at house prices, para 2.37 of the SHMA states that house price analysis shows that prices in Test Valley, West Berkshire, Reading and Rushmoor are more comparable to those in Basingstoke and Deane. Whilst it is recognised that this alone may not be sufficient to designate a HMA, it does show connectivity.
- 4.7.3 Secondly looking at household migration and search patterns, PPG states the findings can identify the areas within which a relatively high proportion of household moves (typically 70%) are contained. The SHMA 2015 identifies the Census 2011 found 18,785 residents had a different address one year earlier, 10, 220 had moved from another address within the borough. This represents only 54% of household moves were contained. It is recognised this is increased when taking out long distance migration, based on the council's calculations.
- 4.7.4 The SHMA 2014 identified strong links in terms of migration with West Berkshire, Rushmoor, Reading, Hart and Wokingham. Similar results are shown in the 2015 update. This would appear to suggest that there may be some cross over with HMA boundaries. This is partially recognised by the SHMA 2015 and Housing Needs Statement (August 2015) which states that Basingstoke housing market does have a relationship with surrounding areas, albeit in the council's opinion this isn't particularly strong or focussed on one area.
- 4.7.5 The SHMA 2015 sets out that 66% of households live and work in the borough. The Housing Needs Statement summarises that that almost 2,500 Basingstoke and Deane residents commute to the Atomic Weapons Establishment (AWE) which lies within the borough boundary of West Berkshire. The Council go on to include this as part of self-containment of the borough due to the close proximity of the AWE to Tadley. However it clearly shows a close connection with West Berkshire.
- 4.7.6 Overall with each aspect taken collectively it would appear that the HMA for Basingstoke and Deane is not as clear cut and there are connections to the neighbouring boroughs, suggesting at least some overlapping with surrounding areas. The Employment Land Review Update 2015 sets out that Basingstoke and Deane is included in the Enterprise M3 area. In particular it refers to the EM3 Commercial Property Market Study Report (April 2013) which identified various commercial market areas. Basingstoke is grouped with Andover to form one of the

market areas, again highlighting there are strong connections to the surrounding area which suggest the HMA extends in places beyond the Borough boundary.

Question 4.8

- 4.8.1 The household needs assessment does not fully take into account the Borough's affordable housing needs and it is not considered the objectively assessed need for affordable housing set out in Appendix 9 of the Housing Needs Statement (August 2015) provides a robust evidence base to estimate the number of households and projected households who lack their own housing or live in unsuitable housing and who cannot afford to meet their housing needs in the market.
- 4.8.2 The Housing Needs Statement refers in section 6 that the SHMA 2015 identified a need for 318 affordable dwellings per annum. However this was based on those in priority need only on the Housing Register. An alternative assessment was also considered including those within the reasonable preference group, and the overall need increased to 917 dwellings per year. However both do not include all the households on the housing register, which at the 1st April 2013 stood at 7,513 households.
- 4.8.3 It is noted the Housing Needs Statement appendix 9 includes an Affordable Housing Needs Assessment that supersedes the 2015 SHMA. It identifies a new annual need of 210 units, however it is not considered this fully accounts for the affordable housing need which is considered to be significantly higher.
- 4.8.4 Table 3.1 Current Housing Need does not accurately portray all need for affordable housing. As pointed out above there are 7,513 households on the Housing Register but the Council only identify an estimate of 3,708. Table 3.1 considers homeless households; those in priority, overcrowded and concealed households amounting to 1,102 households in total. It then states for 'Other households in housing need' taken from the general needs housing register as 2,606 households. It is not clear how there is a difference of 3,805 households between the housing register and table 3.1.
- 4.8.5 Paragraph 3.5 sets out that if any households have an income greater than £24,336 then it is considered that they can afford to meet their own needs in the housing market sector. However this would be dependent on the size of the household and the availability of the relevant properties required. Whilst it is understood that the assessment should only include those households who cannot afford to access suitable housing in the market, this has not been robustly justified.

- 4.8.6 In terms of newly arising affordable housing need, if the demographics point to more households (which is considered to be the case) then the newly arising need increases.
- 4.8.7 The existing households calculation is based on those who have a local connection and have been accepted onto the housing register. There will be households who do not meet the local connection criteria but live in the borough and are in housing need.
- 4.8.8 Overall there are a number of shortcomings with the affordable housing assessment on the current and future housing need and in turn the gross annual need for affordable housing is significantly higher than indicated.
- 4.8.9 The Council state that the proposed Local Plan policy proposes 40% affordable housing on sites of 5 or more dwellings and applying this rate to the overall housing target would result in the delivery of 340 affordable homes per annum. However the existing policy seeks 40% affordable housing and this has not been achieved in recent years. In 2013/14, the gross number of affordable housing completions was 91 (15% of the total number of housing completions). In 2012/13 there were only 27 completions (9% of the total completions). Whilst 2011/12 saw a higher increase of 309 completions, this was due to the regeneration scheme of existing affordable housing schemes and only resulted in an increase in affordable housing provision of 104 net completions. So it is clear that recent trends show that the Council has struggled to provide the required amount of affordable housing.
- 4.8.10 Overall it is considered the affordable housing need is significantly higher than set out in the Council's evidence base and it is necessary to increase the housing target above the previously identified OAN to take this into account.

Question 4.9 and 4.10

- 4.9.1 No comments.

Question 4.11

- 4.11.1 Yes such a policy would be appropriate, however restricting it to previously development land only would be too constrained.

Question 4.12 and 4.13

- 4.12.1 No comments.

Conclusion

4.12.2 The Local Plan is unsound as it fails to meet objectively assessed requirements. In particular policy SS1 fails to plan for sufficient housing to meet the objectively assessed housing need and to support economic growth.

4.12.3 The Plan fails to meet all four tests:

- It has not been positively prepared on a strategy to meet OAN. As outlined above, flaws have been identified in the OAHN, by not using the DCLG 2012 Household Projections and not uplifting the OAN to respond to market signals and the need for affordable housing.
- The housing number is not justified and it is not considered it has adequately assessed the housing figure against reasonable alternatives based on proportionate evidence.
- The Plan will fail to be effective as it will not deliver sufficient housing over the plan period.
- The Plan is not consistent with national policy, it will not enable the delivery of sustainable development, as it will not meet social for housing or economic growth.

4.12.4 The Plan needs to reassess the objectively assessed need to take into account the requirement for additional housing than currently proposed and allocate additional land to meet this requirement.