

# BASINGSTOKE AND DEANE LOCAL PLAN EXAMINATION

PS/05/MF08 – OBJECTIVELY ASSESSED HOUSING NEED

FOR TAYLOR WIMPEY  
(REPRESENTOR REF: 909792)

Roger Tustain BA(Hons) DipTP MRTPI  
and  
Dominick Veasey BA(Hons) DipTP MRTPI

Nexus Planning  
Suite A  
3 Weybridge Business Park  
Addlestone Road  
Weybridge  
Surrey KT15 2BW

T 01932 837850  
E r.tustain@nexusplanning.co.uk  
E d.veasey@nexusplanning.co.uk

**Appendix 1:** Lower Quartile House Price to Earnings Ratio: 17-year; 10-year and 5-year change analysis

**Appendix 2:** Median House Price to Earnings Ratio: 17-year; 10-year and 5-year change analysis

**Appendix 3:** Lower Quartile and Median Monthly Rents 'All Categories'

## 1.0 Introduction

- 1.1 In response to the Inspector's Note on Objective Assessment of Housing Need (MF7) ("OAN") the Council has prepared document MF08. In response to the three specific matters set out within MF7 (Internal and external migration; greater commuting self-containment; and affordable housing) the Council concludes within MF08 that the figure of 850 dwellings per annum ("dpa") remains an appropriate housing target.
- 1.2 Having reviewed MF08, Taylor Wimpey remains firmly of the view that the figure of 850dpa is fundamentally too low to meet, as required by paragraph 47 of the National Planning Policy Framework ("NPPF"), market and affordable OAN in full. Consequently, the Local Plan ("LP") remains unsound against the criteria set out within paragraph 182 of the NPPF.
- 1.3 Our soundness concerns over the robustness of the migration and commuting adjustments underpinning the Council's housing projections (including scenarios PG-10-5yr and SENS2) are set out within our representations and Statement to Issue 3, so are not repeated within this representation. This representation therefore principally focuses on MF7 consideration (iii) Affordable Housing and the Council's response to this matter.

## 2.0 Affordable Housing

### *Affordability*

- 1.4 The NPPF is clear in paragraph 158 that local planning authorities should ensure that their assessment of and strategies for housing take full account of relevant market signals. The Planning Practice Guidance ("PPG") is clear that the household projection starting point figure should [added emphasis] be adjusted to reflect appropriate market signals (ID: 2a-019-20140306).
- 1.5 The PPG is also clear that a worsening trend in any [add emphasis] of these indicators (absolute levels or rates of change) will require reasonable upward adjustment to planned housing numbers compared to ones based solely on household projections (ID:2a-020-20140306).
- 1.6 Within MF08 (paragraph 10) the Council reconfirms the SHMA Update 2015 (PS/01/17) conclusion that the ratio of lower quartile house prices to lower quartile earnings the affordability ratio rose from 4.04 in 1997 to 7.71 in 2013. The PPG is clear (ID: 2a-019-20140306) that lower quartile house process and the lower quartile income can be used to assess the relative affordability of housing. As outlined within MF7 (iii)(b) this worsening affordability trend is a material factor and therefore in accordance with the PPG should necessitate a reasonable upward adjustment to the demographic-based starting point figure. In light of this affordability evidence the Council has demonstrably failed to take full account of relevant market signals.

- 1.7 Within MF08 the Council states that the affordability ratio has not significantly worsened over the last 10 -years (paragraph 12) and that 10-years is the most appropriate time period to assess market signals (paragraph 16). It is noted that the NPPF and PPG are silent on the specific time period for assessing market signals and the extent of any worsening trend. However the test is simple – has there been a worsening trend over the longer term? If the answer is yes then an uplift should be applied.
- 1.8 As set out within the index-linked analysis within **Appendix 1**, the lower quartile house price to lower quartile income ratio has worsened within Basingstoke over a 17-year time period; a 10-year time period and a 5-year time period. Furthermore, the index-linked median house price to median income ratio analysis within **Appendix 2** has also consistently worsened within Basingstoke over the same 17-year; 10-year; and 5-year time periods. Affordability is demonstrably a worsening trend within Basingstoke.
- 1.9 Within MF08 the Council states that the cost of borrowing and interest rates should be treated as a relevant factor when considering the absolute affordability of housing. However, it is unclear how national interest rates and mortgage lending rates are locally specific factors to Basingstoke's worsening affordability ratios, particularly given the analysis within Appendix 1 and 2 demonstrate that affordability ratios (lower quartile and median) in Hampshire as a whole have improved but worsened for Basingstoke.
- 1.10 As set out within the analysis within **Appendix 3**, both lower quartile and median monthly rent costs for 'All Categories' (studio's to 4+ bed properties) also have a worsening trend within Basingstoke. It is however noted that the monthly rent costs data is only available over a short-time period (2010/11 to 2013/14) and is therefore a degree of caution should be applied to drawing any longer term conclusions from short term trends.
- 1.11 The Council's own evidence (SHMA Update PS/01/17) also confirms that the affordability of privately rented properties has worsened since 2011. Indeed the Council notes that 85% of single people of the housing register could not afford even entry level private rents; 52% of couples on the register could not afford to rent a 2-bed property at lower quartile prices and that 34% of all households could not afford to rent a 2-bed property at lower quartile prices (PS/01/17 paragraph 7.49).
- 1.12 The Council's own evidence base (namely SHMA Update (PS/02/17) and the analysis within Appendix 1-3 demonstrably shows a worsening trend in housing affordability within Basingstoke. In accordance therefore with the NPPF (paragraph 158) and the PPG, for the LP to be sound against the criteria set out within paragraph 182 of the NPPF, a reasonable upward adjustment to the demographic-based starting point housing figure should be made.

- 1.13 As set out within our Statement to Matter 3, the Council has also failed to give any consideration of the appropriateness of the 2012-based household projection household representative rates for the cohort aged 25-34. Analysis of the rates for this cohort clearly show a suppression of household formation during the recession which has been carried through into the projections for the entire LP period. The affordability suppression within the Council's housing projection further support the need for an upward market signals affordability uplift.
- 1.14 Although the NPPF and PPG are silent on how to determine an appropriate and reasonable uplift, it is noted that on this matter Local Plan Inspectors (Eastleigh; Uttlesfield; and Horsham) have applied a 10% uplift to the household projection starting point.
- 1.15 As set out within our Statement to Issue 3 without prejudice to Taylor Wimpey's view on the extent to which 10% would be a sufficient uplift to represent a reasonable response in the context of Basingstoke's local circumstances, based on the 2012-based Household Projection starting point figure (936dpa) the 10% uplift would result in a housing figure of at least 1,030dpa.
- 1.16 Without prejudice to Taylor Wimpey's view that the 2012-based Household Projections provide, as stated within the PPG (ID: 2a-018-20140306), the most statistically robust starting point housing figure, should the Inspector be minded to conclude an alternative demographic-based starting point figure of approximately 837dpa (the mid-point of the figures referred within question (i) and (ii) of the MF7 OAN note) the resulting 10% uplift housing figure would be 921dpa. Against the Council's purported demographic-based starting point figure (834dpa) (which is not accepted) the resulting 10% uplift housing figure would be 917dpa.
- 1.17 As set out within our Statement to Issue 6, to address the resulting housing land shortfall from the application of a reasonable market signals uplift, additional greenfield strategic housing allocations, such as the three Taylor Wimpey sites to the east of Basingstoke, would also be required to make the LP sound.

### **Conclusion and Recommended Way Forward**

- 1.18 In light of the approach the Council has taken following the receipt of MF7 we consider that the only reasonable options the Council has left available to the Inspector are to either:
- (a) Recommend an appropriate and reasonable uplift to the demographic –based starting point housing figure i.e. between 1,030; or
  - (b) Conclude that the Local Plan is unsound and should be withdrawn.
- 1.19 Given the Government's commitment to getting Local Plan's in place by 2017 latest (Minister of State for Housing and Planning Written Ministerial Statement, 21 July 2015 ), we therefore consider option (a) to be the most appropriate way forward. This option could be achieved through an interim Inspectors report providing OAN figure conclusions and then suspending the

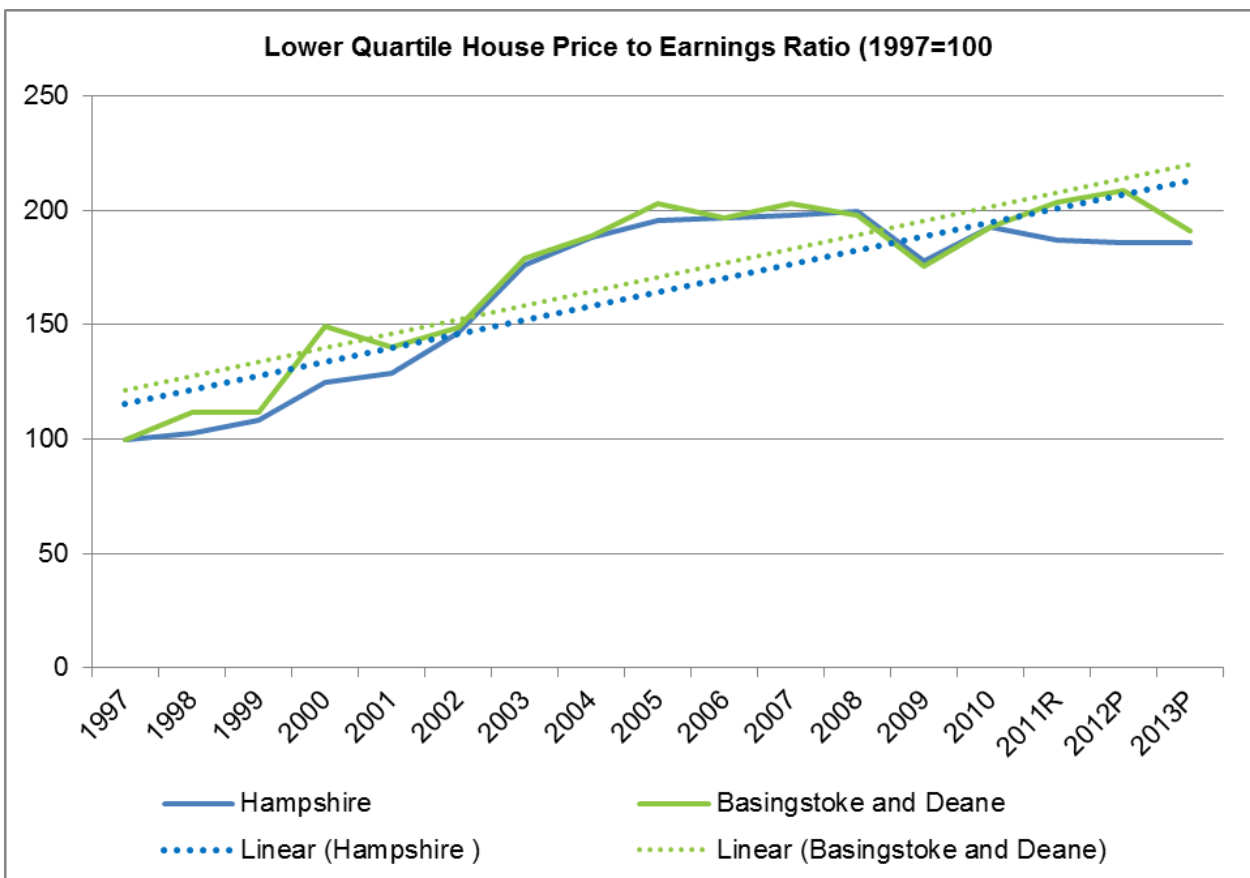
examination for between 6 to 12 months to allow the Council to allocate additional strategic housing sites to address the resulting OAN shortfall. As the omission sites have been already been assessed and subjected to Sustainability Appraisal (“SA”), a 6-month suspension is likely to be a sufficiently reasonable time period. The Council has also previously subjected OAN housing options up to 1,000dpa to SA.

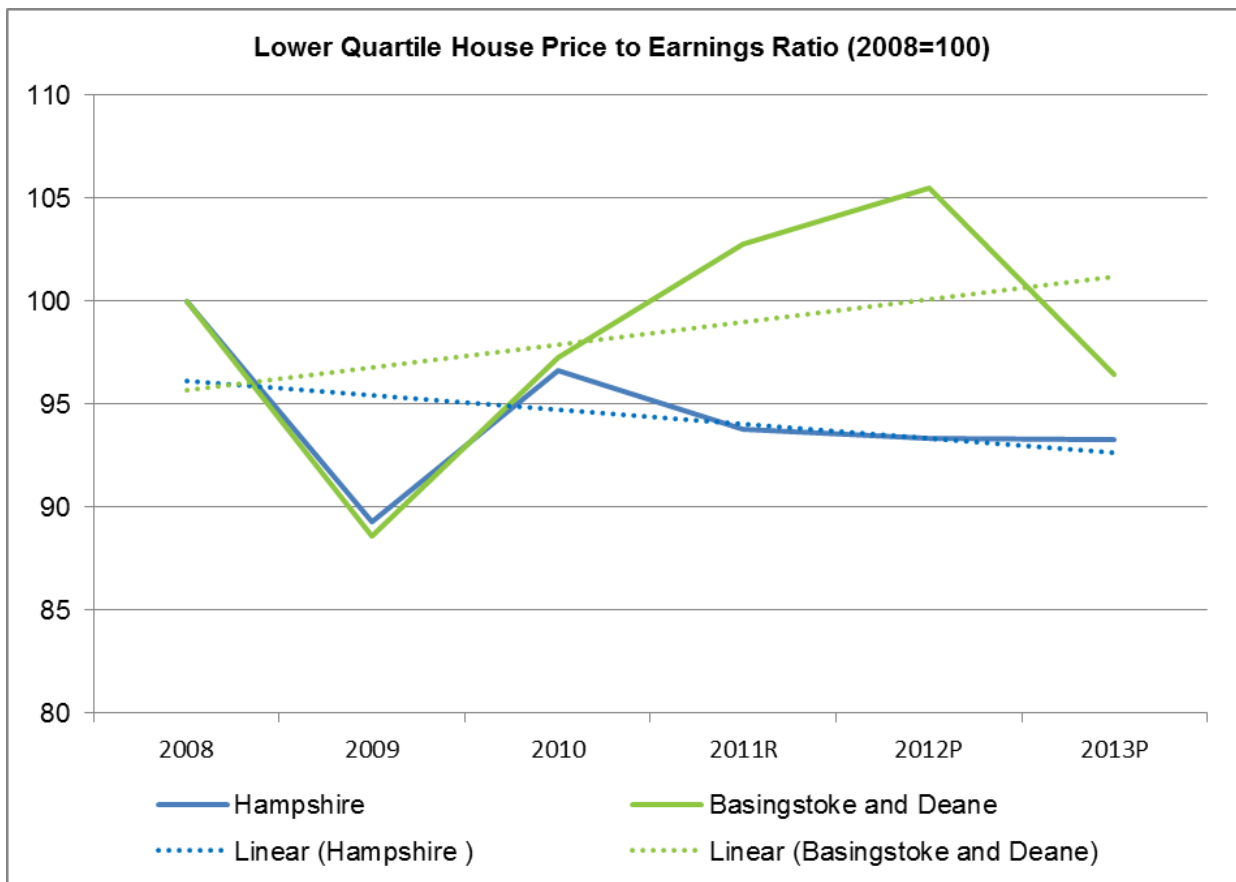
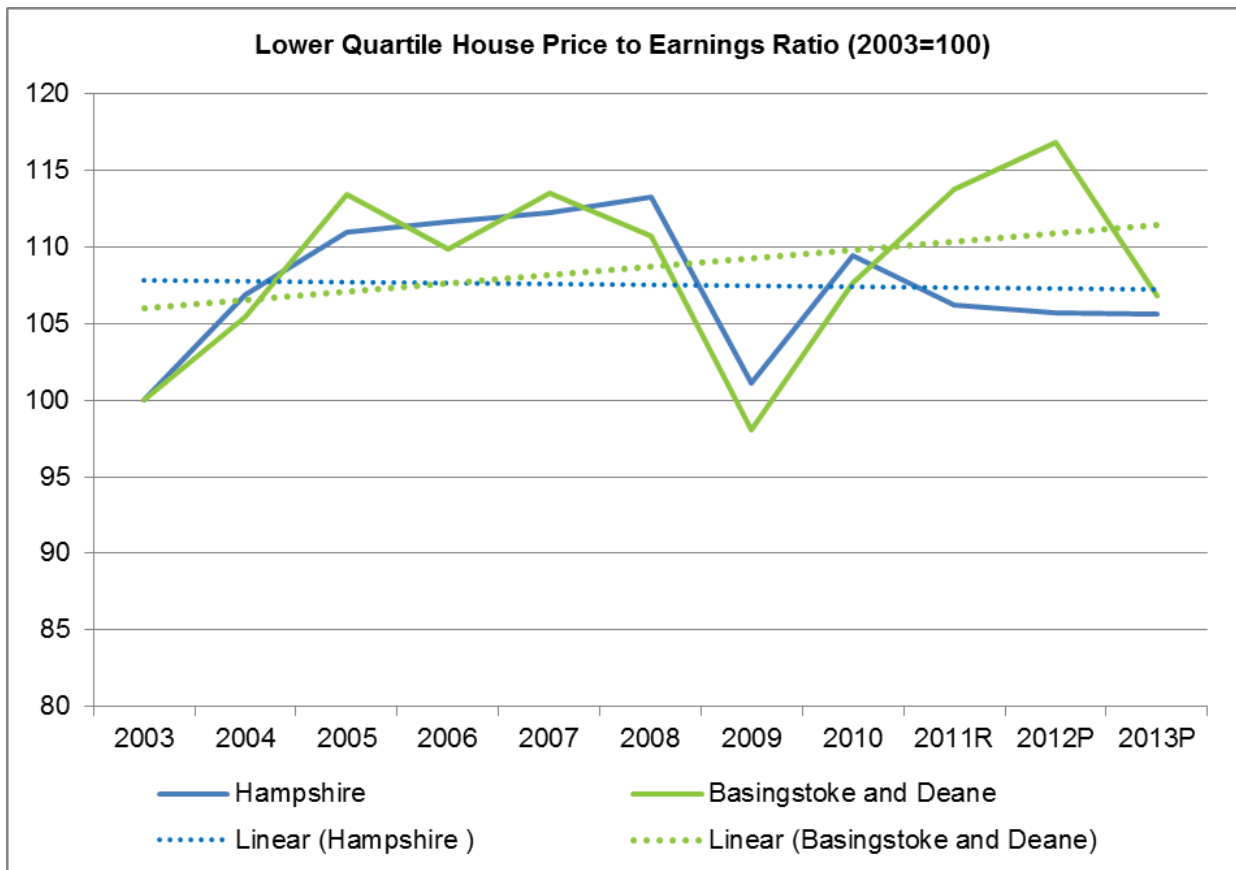
- 1.20 Maintaining the housing figure of 850dpa, but with a commitment to an early review of the LP is not considered to be an appropriate option given this is a soundness failing that goes to the heart of the LP.

# Appendix 1

## Lower Quartile House Price to Earning Ratio: 17-year; 10-year and 5-year change analysis

Local authority	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 <sup>R</sup>	2012 <sup>P</sup>	2013 <sup>P</sup>
England	3.6	3.6	3.7	3.9	4.1	4.5	5.2	6.3	6.8	7.1	7.2	7.0	6.3	6.7	6.6	6.6	6.5
Hampshire	4.6	4.7	4.9	5.7	5.9	6.7	8.0	8.6	8.9	9.0	9.0	9.1	8.1	8.8	8.5	8.5	8.5
Basingstoke	4.0	4.5	4.5	6.0	5.7	6.0	7.2	7.6	8.2	7.9	8.2	8.0	7.1	7.8	8.2	8.4	7.7



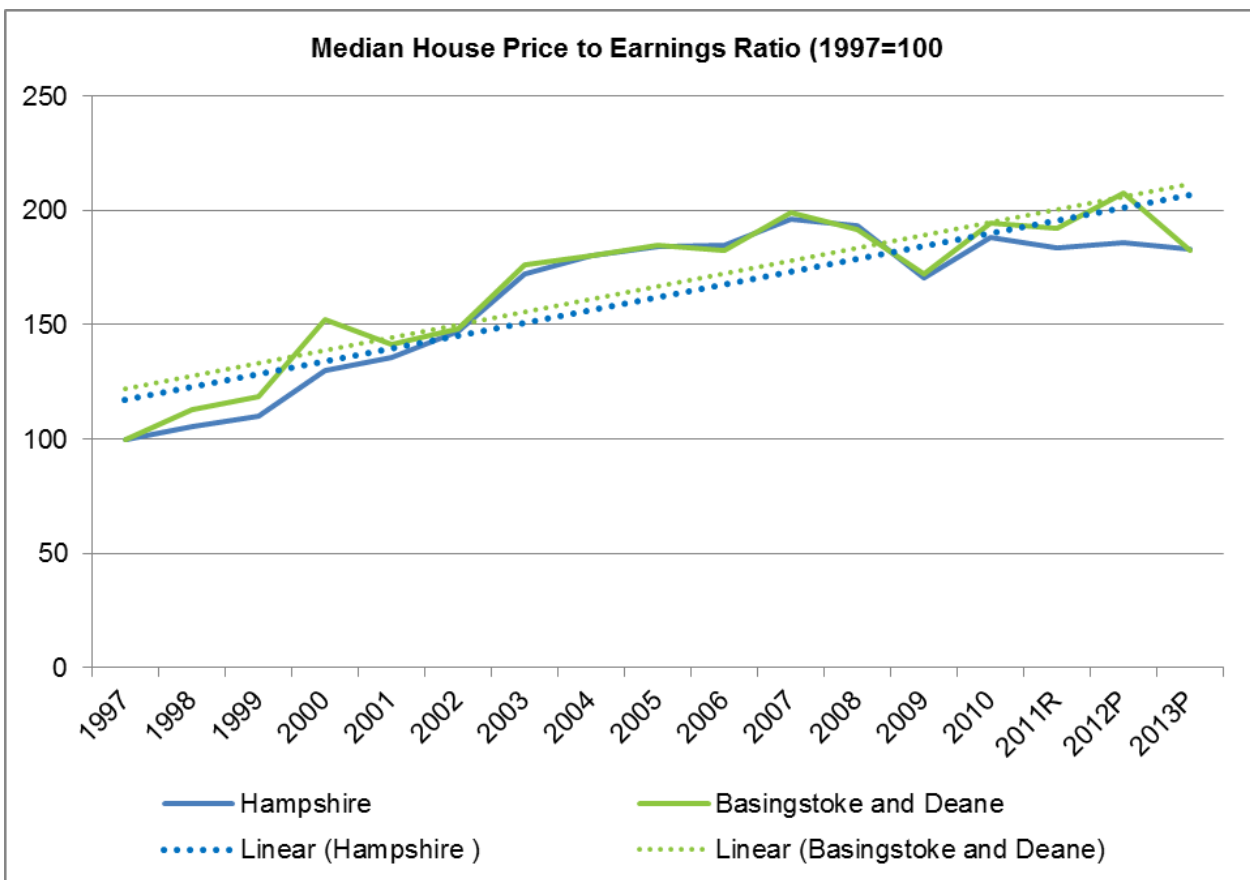


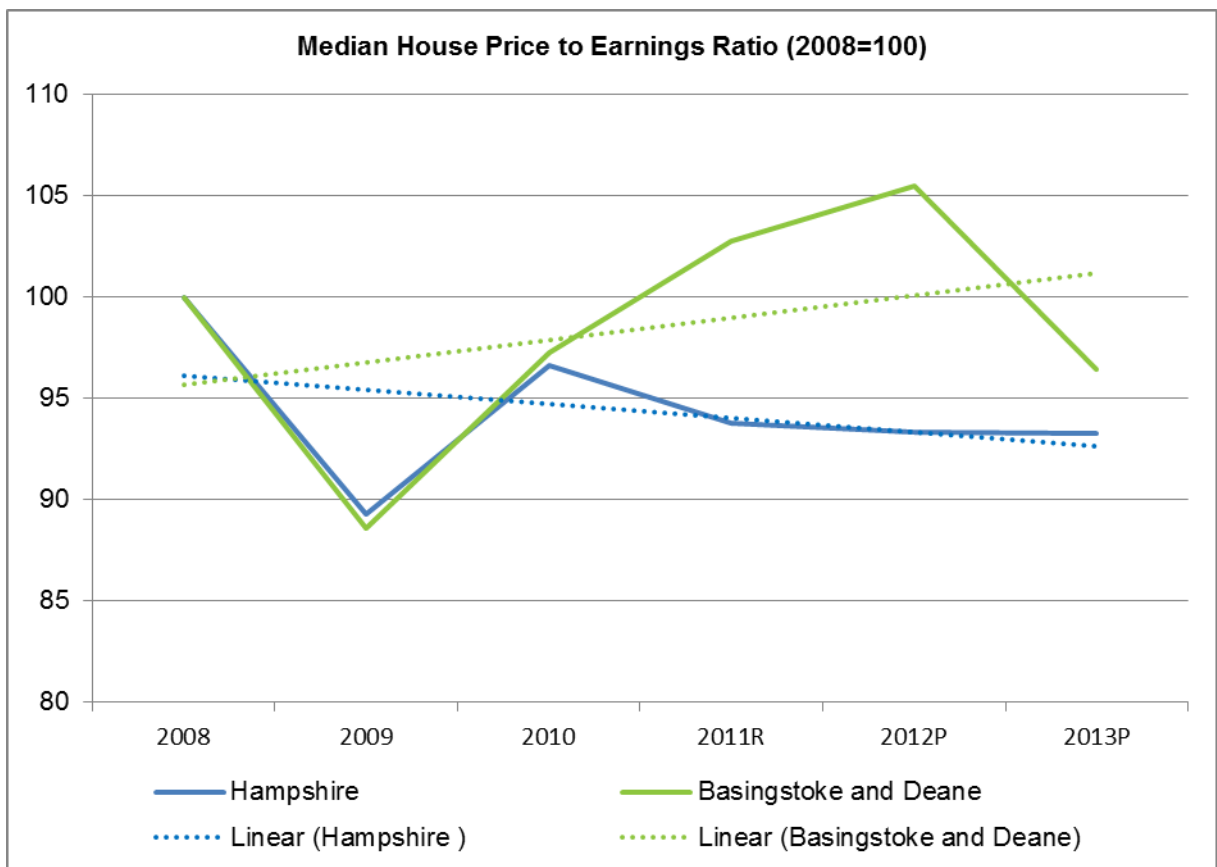
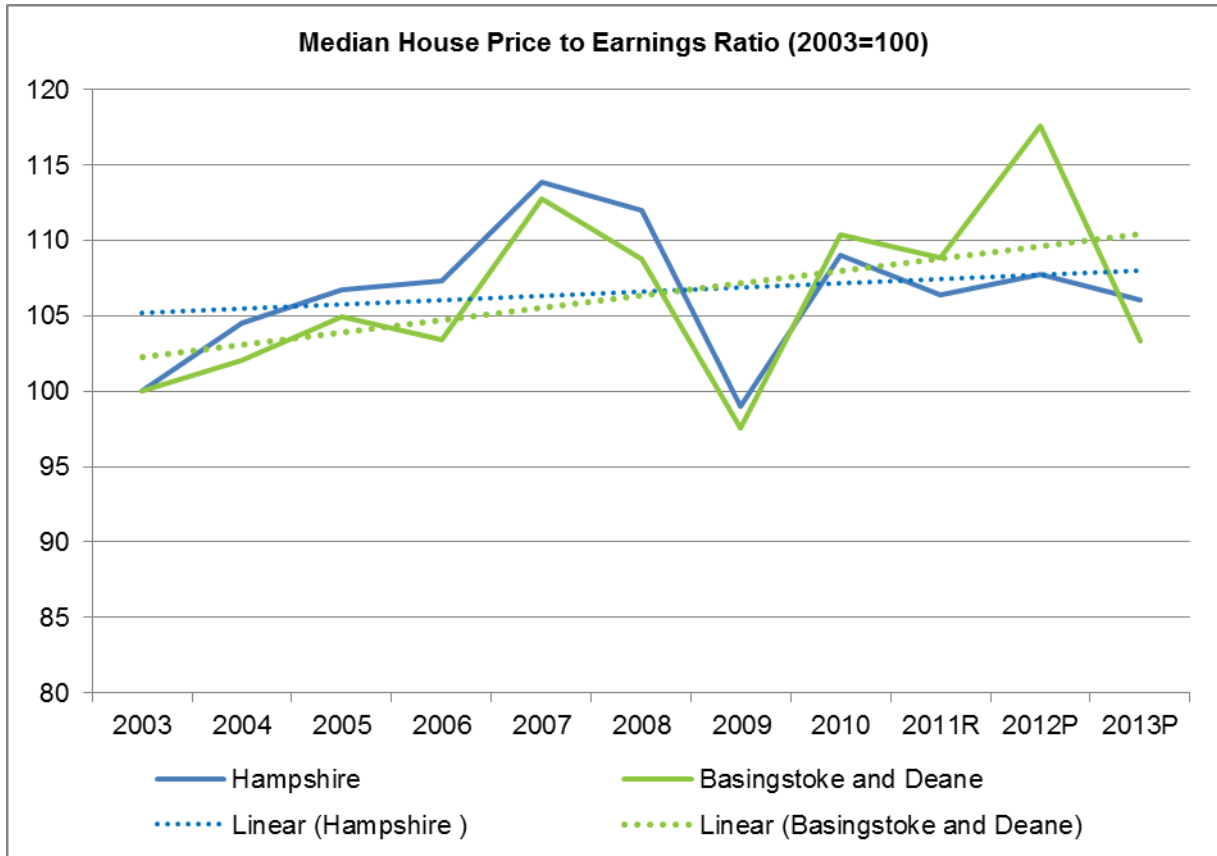


## Appendix 2

### Median House Price to Earnings Ratio: 17-year; 10-year and 5-year change analysis

Local authority	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011 <sup>R</sup>	2012 <sup>P</sup>	2013 <sup>P</sup>
England	3.5	3.7	3.9	4.2	4.5	5.1	5.8	6.6	6.8	7.0	7.2	6.9	6.3	7.0	6.7	6.9	6.7
Hampshire	4.4	4.6	4.8	5.7	6.0	6.5	7.6	7.9	8.1	8.1	8.6	8.5	7.5	8.3	8.1	8.2	8.0
Basingstoke	3.8	4.3	4.5	5.7	5.3	5.6	6.7	6.8	7.0	6.9	7.5	7.3	6.5	7.4	7.3	7.8	6.9

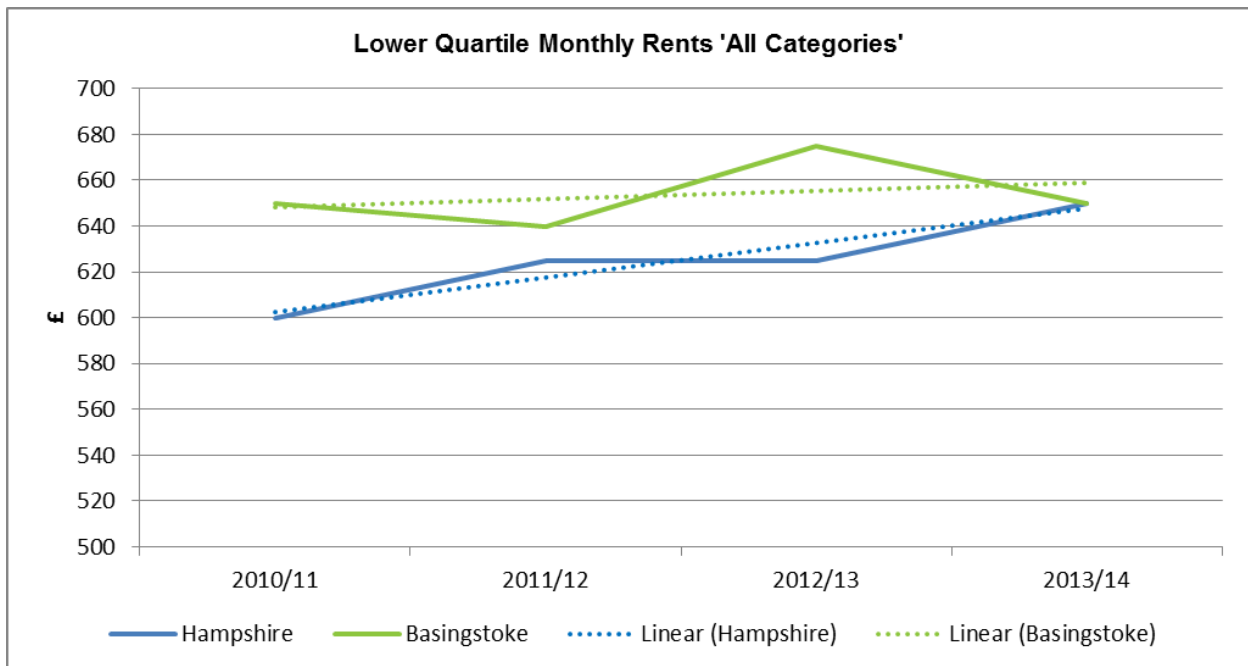




Lower Quartile and Median Monthly Rents 'All Categories'

Lower Quartile	2010/11	2011/12	2012/13	2013/14
England	450	450	450	465
Hampshire	600	625	625	650
Basingstoke	650	640	675	650

VOA Private Rental Market Statistics



Median	2010/11	2011/12	2012/13	2013/14
England	570	575	585	595
Hampshire	725	750	750	775
Basingstoke	750	750	775	775

VOA Private Rental Market Statistics

