

PLYMOUTH & SOUTH WEST DEVON JOINT
LOCAL PLAN EXAMINATION

HEARING STATEMENT

TUESDAY
30TH JANUARY

MATTER NO 3
ISSUE NO 3.1

JANUARY 2017



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HOUSING

Introduction

- 1.1 This matter is fundamental to this plan.
- 1.2 The OAN that underpins this plan (derived from the SHMA prepared by PBA, HO13, dated February 2017) postdates much of the plan preparation. There is a feeling that it has been produced to meet a pre-determined outcome that was defined by the plan preparation work that preceded it.
- 3.1 *Establishing the objectively assessed need (OAN) for housing*
 - i. *Has the Housing Market Area (HMA) adopted for the assessment of housing need been defined in accordance with the advice in Planning Practice Guidance (PPG)?*
- 1.3 We acknowledge that there is some pedigree for the HMA that has been defined for the purpose of this local plan, but that pedigree is based upon 'administrative convenience' and it is a poor reflection of the actual Plymouth HMA.
- 1.4 An attempt is made (in HO13, section 2) to justify the definition of an HMA for the JLP plan area, but that work acknowledges that the evidence doesn't support this conclusion. The lack of self-containment is telling:

“.it is clear that none of the areas quite meet the 70% threshold specified in the PG.....Certainly West Devon and South Hams on their own are a long way from being self-contained at less than 50%.” (HO13, paragraph 2.4.6).
- 1.5 The 'cheat' undertaken (at HO13, paragraph 2.4.7), to remove long distance moves, is not in accord with good practice and stretches data analysis beyond credibility. In our opinion this has been done

to try to justify a pre-determined conclusion (to pass the 70% test for the 3 authorities taken as a whole).

- 1.6 The conclusion that: *'Consequently, the area can be considered as sufficiently self-contained'* (at HO13, paragraph 2.4.7) cannot validly and robustly be drawn. The evidence is plain – parts of West Devon form part of the Exeter HMA, whilst parts of the South Hams form part of the Torbay HMA.
- 1.7 PBA acknowledge this (at paragraphs 2.6.2, 2.6.3 and 2.7.1, and figure 9 of HO13)
- 1.8 Of the data sources mentioned in the PPG the contextual data for Travel to Work Areas (TTWA) is to be preferred since, as the PPG recognises, TTWA's 'provide information about the areas within which people move without changing other aspects of their lives' (2a-011-20140306). The two previous sources generally reflect this fact.
- 1.9 The PBA conclusions are inconsistent with the:
 - the defined TTWA's (see figure 9 of HO13)
 - analysis undertaken for the South West Regional Housing Board (SWRHB) on this matter (see appendix 1)
- 1.10 Whilst the SWRHB research is a little dated, it was commissioned by the SWRHB with no particular defined outcome in mind other than to gain a proper understanding of the sub-markets that existed across the region.
- 1.11 The robustness and validity of this work is confirmed by the TTWA data which is more current (see appendix 7).
- 1.12 It is plain that the Plymouth HMA is actually smaller than this plan seeks to define it as; and that the plan area includes settlements (such as Okehampton and Totnes) that will also perform a role meeting the housing requirements produced from other HMA's (namely Exeter and Torbay). The OAN is therefore deficient in that it does not consider those needs, and therefore it does not produce a requirement figure for them.
- 1.13 This plan area plainly includes parts of the Exeter and Torbay HMA's. The requirements of those HMA's should, in part, be added to the requirement figure proposed for this defined plan area. To not do so would be to ignore the reality of the market, and to do that would not produce a justified, effective or positive outcome.

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- 1.14 A comparison can sensibly be drawn with the approach of the Cornwall Local Plan Inspector to the matter of second homes. His approach was to *'reflect the reality of this market in Cornwall.'* He acknowledged that *'If no uplift is made, there would be an under-provision of homes to meet the OAHN'*. (appendix 2, paragraph 61).
- 1.15 Accordingly, to reflect the PPG, the OAN requirement should be upwardly revised, to reflect those specific growth needs that stem from meeting, in part, the needs of the Exeter and Torbay HMA's (as defined by DTZ for the SWRHB).
- ii. [Is the requirement for 26,700 dwellings in Policy SPT3 \(taking into account the provision in Dartmoor National Park \(DNP\) of 600 dwellings\) based on an objective assessment of need using up to date, reliable evidence including the latest CLG household projections?](#)
- 1.16 We take issue with the interpretation of the data, rather than with the data itself.

There's no DNP 'requirement'

- 1.17 It is not correct to treat the DNP as having a housing requirement. No previous Development Plan (DP) has imposed a housing requirement figure on the DNP.
- 1.18 The Devon Structure Plan (DSP) was clear on this point (see DSP, paragraph 3.73, appendix 3).
- 1.19 The existing DNP 2006-2026 clearly reflects this approach (see paragraph 5.94 of appendix 4).
- 1.20 The RSS panel report (appendix 5) and the SoS Changes (appendix 6) clearly excluded the DNP 'local needs' figure of 1,000 from the housing market requirements of both Plymouth and Exeter that were produced (but ultimately not adopted due to withdrawal of the emerging RSS).
- 1.21 Providing housing in the DNP is about meeting local needs, not about meeting requirements stemming from economic growth, or other policy driven targets.

The DNP HMA split

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- 1.22 The DNP does not sit wholly within this plan area. The DNP lies within the Exeter and Plymouth HMA's (see TTWA boundaries with DNP underlay, appendix 7). The Council's accept this (see SUB 12, page 6, first bullet point, second sentence).
- 1.23 The PBA figure of 600 for the DNP arises from their assessment of the Plymouth HMA, and has no regard to the impact of needs arising from/within the Exeter HMA. The reality is that the total 'requirement' upon the DNP will have to reflect the needs of both HMA's (if the PBA logic is followed). This is likely to result in a figure in excess of 1,200 (since the population of larger towns within Exeter HMA element of the DNP is slightly larger than the Plymouth HMA element of the DNP, see appendix 7). Such a requirement will be very difficult to meet, consistent with the statutory purposes of the NP management (see appendix 4).

A plan led approach consistent with Government Policy

- 1.24 The objectives of National Parks are summarised at paragraph 2.4-2.6 of appendix 4).
- 1.25 Having regard to those objectives it is inconsistent to place the DNP under development pressure.
- 1.26 Government policy is to boost housing supply, but delivering that boost from within the DNP is not compatible with the statutory aims of National Parks.
- 1.27 The DNP 'requirement' figure identified by the evidence base for this plan (of 600 dwellings) should be met by an allowance within this plan – it should not be exported to the DNP.
- 1.28 There is no guarantee that such a figure will be accepted by DNP in due course (or by the Inspector who examines their plan review) and a decision to impose this requirement/target figure upon the DNP will produce pressure to challenge the objectives which the DNP has to (statutorily) be managed for.
- 1.29 If delivery occurs within the DNP that should be seen as a 'bonus' to meeting housing needs (over and above the inclusion of a 600 unit allowance within this plan).
- 1.30 It is notable that there is a significant in-commute to Plymouth for work (a net in-flow of 5,655 workers (see HO13, paragraph 2.5.1). It is highly likely that a proportion of those commuter trips originate

from the DNP. Greater provision within this plan area may reduce those commuting levels (which are likely to be car borne trips due to the limited bus service provision within DNP). Such an outcome would be consistent with Government policy.

iii. Representations by a number of housebuilders refer to a study in 2016 which found a requirement for 30,300 dwellings across the 3 local authority areas. What is the basis for the reduction in the requirement to 26,700? Does the reduction result from the use of the 2014-based subnational household projections?

1.31 For the Councils to answer.

iv. The PPG indicates that household projections do not reflect the consequences of past under delivery of housing. Is there evidence of past under delivery of housing within the defined HMA to indicate that household formation rates may have been constrained by supply?

v. Does the uplift for market signals which is included within the calculation of the OAN (HO13 Table 17) ensure that provision is made for any previous under delivery of dwellings in addition to high house prices and rental levels?

1.32 The evidence of past under delivery, particularly in both Plymouth and the South Hams is plain (see HO13, figures 15,16,17 and 18).

1.33 That under supply has been significant. The lack of delivery over the period 2014-2017 amounts to some 803 units (see Table JLP4, EXC9).

1.34 It needs to be remembered that the Plymouth CS figure was a 'depressed' figure over the period 2006-2016, and that the delivery requirement enshrined in the DP requires an increase to 1,450 p/a over the period 2016-2021. We do not have completion figures for the Plymouth administrative area for the year 2016/17 (PCC have not published this data in disaggregated form). However, the Councils have provided completion figures for the Plymouth Policy Area within EXC9 (Table PPA5) and confirm that only 585 units were completed in 2016/17 from this area (which includes completions from the South Hams). The CS figure for Plymouth was therefore clearly missed by a considerable amount in the last year.

1.35 We strongly reject the assertion (set out at 5.9.2 of HO13) that the requirements identified in extant DP's were not an accurate

assessment of need. Those figures represent the best assessment of need, as assessed, and examined, at that time. By contrast the PBA approach has yet to be examined. That approach is lacking in some important areas, as this statement points out.

- 1.36 It needs to be understood that market activity can be assessed as a separate matter from site availability, and this has not been properly understood, or assessed, by PBA. Sales rates reflect market activity. The evidence across the industry, and the plan area, is that when sites have been released they have been developed out and completed in 'good time'. PBA do not assess sales rates. There is no evidence before this examination to suggest that when sites are brought forward there is any significant problem with levels of delivery.
- 1.37 PBA are correct (HO13, paragraph 6.1.6) to refer to the evidence on affordability and note *that 'to some extent past delivery has not kept pace with market demand'*. But, if sales rates are considered (which PBA do not do), then it becomes clear that the main reason for a lack of delivery, is a lack of sites coming forward for development in a timely manner and, as a result, achieved completions have fallen significantly below assessed needs.
- 1.38 These facts have also affected the future pipeline for new homes as well. Both Plymouth and South Hams have been held to not be able to demonstrate a 5 year residential land supply in recent years.
- 1.39 We also need to bear in mind that actual delivery in Plymouth has been worse than that reported, since the Plymouth data plainly includes the 'counting in' of PBSA completions (see HO13, paragraph 5.2.7). In accordance with the relevant case law on this matter (see appendix 10 which actually considered the output of the SWRSS housing needs analysis process, which was then enshrined in both the Exeter and Plymouth Core Strategies) there has been no release to the market (the methodology for calculation set out in HO16 does not accord with the case law since it does not assess 'release').
- 1.40 The effect of an increasing student population over the previous plan period (from 2006) has been to reduce the housing stock, in Plymouth, available to the general needs population (as opposed to the student, or other institutional, population). There has been no 'release' over the period 2006-2016 – in fact there has been a reduction in general needs stock by over 600 units over the period 2010 – 2016, evidenced by the increased number of properties exempt from paying Council Tax due to student occupation (Appendix

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- 8). The evidence is plain – PBSA provision has not kept pace with need, as demonstrated by the increased ‘class N’ exemptions that have occurred over this period (Note – historic data on Class N exemptions has been requested from PCC and is awaited).
- 1.41 This is a further clear constraining factor that exacerbates the evidential Plymouth historic undersupply.
- 1.42 The cumulative effect of these undersupply factors is significant.
- 1.43 There is no evidence/audit trail within the evidence base that can be construed as suggesting that the proposed uplift for market signals considered the impact of this evidential lack of supply upon constraining household formation rates. This is plain when one considers the statement (at HO13, paragraph 5.8.1) that *‘Plymouth however on all indicators demonstrate that they are not constrained’*. The evidence demonstrates a clear constraint of lack of site supply and a loss of general needs housing stock resulting from PBSA completions not meeting student needs (and those needs did not form part of the CS requirement). A fair reading of the PBA report is that they have based their uplift conclusions solely on affordability data (including rental affordability).
- 1.44 There is no evidence (in HO13 in particular) that any allowance has been made in the OAN for this obvious constraining factor, contrary to the provisions of the PPG (2a-004-20140306).
- 1.45 A further uplift provision needs to be made to reflect this evidential lack of historic supply that has plainly not been appropriately considered by PBA.
- vi. [Does the calculation of OAN adopt reasonable vacancy rates for each of the Councils \(HO13 Table 7\), and is it appropriate to take into account second homes?](#)
- 1.46 It is appropriate to take into account second homes in this plan area.
- 1.47 We have no quibble with the vacancy rates used, except that we do suggest that the assertions of PBA (at HO13, paragraph 3.5.6) that the application of *‘full vacancy rates....more than adequately includes within it an allowance for second homes’* is robustly checked.
- 1.48 PBA mis-interpret the Cornwall Local Plan Inspector (at 3.5.5). What that Inspector required was a 7% allowance to be added *‘in addition to the conventional use of a vacancy/churn rate’* (and for that to be

done at the end of the addition of other uplift allowances) (IR, paragraph 59, appendix 2).

1.49 The PBA approach conflates two reasons that can both give rise to vacancy. The approach of the Cornwall CS Inspector is clearer, but on the face of the figures it does appear that the rates used adequately cover the matter.

vii. [Does the housing requirement make sufficient provision for economic growth?](#)

1.50 We note that whilst the Council accepts that examination of the JLP should proceed on the basis of the current approach to calculating housing need, reference is made within the evidence base to the emerging Government methodology.

1.51 The emerging national methodology on calculating housing need has some obvious shortcomings, not least the loss of a jobs/homes linkage that, in this plan area, is of particular importance. The flaws in this methodology have been raised with Government and it remains to be seen how the Government will take this matter forward. The current Government assessment of housing need is not a matter to which any significant weight can be attached at this stage and, having regard to the particular characteristics of this plan area should not be relied upon as a robust assessment of housing need.

1.52 The evidence base to the Regional Spatial Strategy recognised the importance of positively planning for growth. The RSS (SoS Proposed Changes, Appendix 6) was clear that underpinning the strategy for development at Plymouth was the need to stimulate economic development, and to help deliver a step change in employment to allow for higher growth rates than previously experienced and it was recognised that increased economic activity should be accompanied by a balance of housing provision (paragraphs 4.1.61 and 4.1.62).

1.53 The OAN identified by the Councils in HO13 has shortcomings - notably the jobs to housing link has been lost, particularly for the Plymouth administrative area. PBA note (at paragraph 4.2.5 of HO13) that:

"It is understood that Plymouth City is aiming for above trend job growth...."

1.54 However, HO13 goes on to state at paragraph 4.2.6 that *"there is no need for an economic uplift on the basis of the preferred demographic scenario"*.

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- 1.55 This conclusion seems odd to us, given the stated desire for Plymouth to exceed (not just meet) job growth trends.
- 1.56 As acknowledged in paragraph 3.19 of the JLP, ONS population projections *“do not take account of policy-led growth aspirations such as the established growth agenda of Plymouth”*.
- 1.57 Whilst a ‘market uplift’ to account for high house prices in parts of the HMA, is used within *the* calculation of OAN, there is no further consideration given to the growth agenda of Plymouth, and no uplift has been applied to the projections account for this.
- 1.58 The previous SHMA which was prepared for the Plymouth HMA (GVA, 2013) considered a range of economic scenarios.
- 1.59 By contrast, the PBA report has only considered Experian standard employment forecasts and 10-year migration trend demographic projections. No other sensitivity testing appears to have been undertaken to consider the robustness of these figures.
- 1.60 It is notable that during the recent examination of the Cornwall Local Plan, further analysis was requested to be undertaken by the Council to test the economic strategy/ assumptions that had been used.
- 1.61 As part of the East Devon Local Plan, the Plan’s housing target was designed to accommodate a projected increase in jobs in the District. The Inspector considered that it would be appropriate to match housing and job growth and that not to do so could lead to increased commuting, which conflicts with the need to create sustainable development.
- viii. [The proposed housing requirement is criticised for falling below the currently adopted housing requirements for each of the Council areas. How does the proposal for 26,700 dws in the plan period comply with Government policy to boost the supply of housing?](#)
- 1.62 We have already made it clear that we strongly refute PBA’s incorrect categorisation of the historic DSP/RSS/DP processes (as they set out at HO13, paragraph 5.9.2) at paragraph 1.35 of this statement.
- 1.63 Those plans were all prepared and examined in accordance with the prevailing guidance at the time (for example Local Housing Needs Assessment: A Guide to Good Practice, DTLR, July 2000 – see section 1.5, pages 11/12 in particular).

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- 1.64 There is no evidence to suggest that the needs/requirements enshrined in the resultant DP's were significantly wrong, just evidence that the undersupply against those 'at least' targets has been a factor in sustaining a trend of worsening affordability.
- 1.65 It is for this reason that Government policy (introduced in March 2012 i.e. that post-dates the prevailing DP) requires LPA's to 'boost significantly the supply of housing' (paragraph 47).
- 1.66 The first step in this process is to "*use their evidence base to ensure that their Local Plan meets the full, objectively assessed needs for market and affordable housing in the housing market area, as far as is consistent with the policies set out in this Framework.*" (paragraph 47). No grounds have been advanced by the LPA's for a 'framework consistency' rational to not meet those '*full objectively assessed needs*'.
- 1.67 Appendix 9 shows a summary derivation, and DP provision of, existing requirements.
- 1.68 Of particular interest is the annualised average rates of development which is shown in the second column of the table. You will note the annualised rate which is proposed in the JLP is significantly less than that identified in the RSS (both Panel Report and SoS Proposed Changes) and in the adopted Core Strategies for each of the authorities.
- 1.69 So, at the very time when a step change increase in housing is required, this plan proposes a significant step down.
- 1.70 Plymouth City Council enshrined a growth agenda in their Core Strategy (CS). This agenda was set out at page 6 of the CS. The Council were content to adopt the figures emerging from the draft RSS evidence base. The strategy for future provision included a 'scaling up' of growth post 2016 to reflect the city's aspirations for higher economic growth (paragraph 10.8, page 91, CS).
- 1.71 The effect of development in the South Hams, particularly at Sherford, to complement this growth agenda was recognised (paragraph 10.11, page 92) with the acknowledgement that the additional 5,500 dwellings there would have the effect of increasing the potential dwelling provision to serve the city to some 3,000 dwellings. The city's annual affordable housing shortfall was assessed at 1,426 dwelling per annum (paragraph 10.18), a significant challenge.

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- 1.72 We are told that PCC is still pursuing a growth agenda (see paragraph 4.2.5, HO13). That agenda needs to pursue above trend growth of both employment and housing simultaneously – both complement each other.
- 1.73 It is simply not believable that a growth agenda can be complemented by a step down in planned housing supply, contrary to the provisions of Government policy.
- 1.74 There is no evidence that explains, nor justifies, why such a step down in annualised delivery rates (that have been assessed as sound by previous examination) is appropriate.
- ix. [Has the need for affordable housing been adequately assessed and is the requirement for affordable housing identified in Policy SPT3 appropriate?](#)
- 1.75 The extant of our commission does not permit an analysis of this particular matter.
- x. [Have the needs of particular groups \(eg older people and those requiring specialist support\) been appropriately taken in to account in the OAN? How will the JLP help to deliver the housing needs of these groups?](#)

Students

- 1.76 The work of PCC (HO16) and PBA (HO13) does not address the matter of meeting student needs. This is a Plymouth specific matter.
- 1.77 PCC have produced a paper on this matter (HO16). That paper does not assess needs and produce a requirement figure to be inputted into the OAN (as the PPG suggests), nor does it suggest a requirement figure to plan for.
- 1.78 Accordingly, the needs of students, that is a particular local issue in Plymouth, have not been appropriately considered by the plan. The proposed use of SPD is likely to fall foul of the legal provisions for SPD (see recent case law – *R (Skipton Properties Ltd) v. Craven DC [2017] JPL 825* and *R (William Davis Ltd) v. Charnwood Borough Council [2017] EWHC 3006 (Admin).*) (See appendix 2 to our statements to Matter 7).
- 1.79 Turning to HO13a, this section of the work also fails to appropriately consider the impact of the student population on meeting housing needs.

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- 1.80 There are three Higher Education establishments in Plymouth that give rise to a need to provide suitable accommodation that is not accessible to those with general needs (i.e. occupancy restriction ensures that only student needs are met). HO13a summaries the position of those institutions.
- 1.81 Unfortunately, when assessing the student provision implications for Plymouth (at paragraphs 6.43-6.45 of HO13a) there is no understanding of the relationship between meeting student needs at the cost of depriving those in general need from accommodation (and/or fuelling affordability problems).
- 1.82 As we know from case law (see appendix 10) the key point is 'release to the market'. Whatever the level of student need that is not met by PBSA, that need is likely to displace general need from being met (either through the loss of existing stock, or by directing a proportion of new supply to meeting student needs as opposed to general needs). This is usually due to the higher rental yields that can be achieved from the higher occupancy levels on 'class N' dwellings. Based on the data in the evidence base (paragraph 6.44 of HO13a and the class N data) it appears that nearly 15% of the city's private rental stock is utilised solely for meeting student needs. That's a 15% loss in terms of meeting the previous housing requirements.
- 1.83 Even if the requirement over this plan period is only 37 homes p/a – that's still a figure that needs to be provided for and the OAN uplifted accordingly. Yes, the private sector will probably meet the need – but at the cost of meeting general needs in those properties that are lost to that function.

xi. [Have the housing needs for gypsies, travellers and travelling show people been adequately assessed in accordance with national policy?](#)

1.84 No comment