



JANUARY 2018

MATTER 3: HOUSING

Our response to Matter 3 is submitted on behalf of Barratt David Wilson Homes (hereafter BDW). In particular they raise concerns that the Plan does not provide a sufficient level of housing to meet housing needs, particularly in the first 5 years. Nor does it provide a satisfactory split between the Policy Areas with more housing being required overall. This Statement is intended to be supplementary to the representations submitted on the Local Plan to date (Comment ID 1521).

Work relating to Question 3.1 has been undertaken by Wessex Economics (with an updated report included at Appendix 1 due to the significant policy issues involved) and in respect of Question 3.2 by LRM Planning.

Housing Demand – Questions 3.1 (i) to (v)**Question 3.1 (i)**

We regard the Housing Market Area as defined as being in accordance with PPG.

Question 3.1 (ii)

We maintain that the planned provision of 26,700 dwellings is not a robust assessment of the total need for housing, primarily because it does not deliver sufficient affordable housing to meet needs (see comment on Question 3.1 (x)); but also because of under-delivery over the past decade relative to Local Plan targets, which will have had the effect of suppressing household formation relative to what it would have been if plan targets had been delivered.

Question 3.1 (iv)

Evidence on past under-supply of dwellings relative to plan targets is set out in the SHMA Part 1, Section 5 paras 5.2.1 to 5.2.9. This indicates that undersupply has been due to both planning related issues, and due to the impact of the recession. This implies that household formation rates will have been lower than they would have been if housing delivery targets had been delivered; and this will be reflected in the most up-to-date household projections, which are based on 5 year migration trends.

It should be noted that delivery in the first three years of the Plan period starting in 2014/15 has been around 1,250 dpa, 6% below the annualised delivery rate required to deliver the plan requirement. The current requirement from 2017/18 to the end of the plan period is therefore 1,335 dwellings pa, a 12% uplift on the annualised plan requirement of 1,250 dpa.

Question 3.1 (v)

The market signals uplifts applied in the SHMA Part 1 are reasonable, though the LPEG proposals have not been adopted by Government. The Inspector should be mindful that the Chancellor set out in the Autumn 2017 Budget the Government's intention that by around 2025, total housing delivery in England should be 300,000 homes pa, a significant uplift on the 266,000 homes that provides the base for Government's proposed Standard OAN Methodology set out in the September 2016 document '*Planning for the right homes in the right places*'

JANUARY 2018

Question 3.1 (viii)

The issue that the current proposed housing requirement is lower than currently adopted housing requirements will be addressed if an appropriate response is made to the need for affordable housing (see Question 3.1 ix)

Question 3.1 (ix)

The assessment of affordable housing in the SHMA has a number of weaknesses, which have an impact of the identification of the scale of need for affordable housing. There is no evidence that the Plan authorities have considered making an uplift to planned housing provision to enable enhanced delivery of affordable homes as required in PPG Paragraph 029. The absence of such consideration has been highlighted in previous submissions on behalf of BDW as part of the Section 19 Local Plan Consultation.

The Submission Local Plan sets out proposals to deliver at least 330 affordable homes per annum (6,600 homes over the plan period), which represents 24.7% of the total planned delivery of new homes of at least 26,700 additional homes (1,335 homes pa over the plan period). Actual delivery of new homes in the first three years of the Local Plan period has averaged 1,250 dpa. This means that annualised requirement for the remainder of the plan period 2017/18 to 2033/34 is for 1,497 dpa.

More restricted public sector funding for affordable housing and changes to policy are likely to make it harder than in the recent past to deliver affordable housing. In particular, developments of less than 10 homes will, in general, no longer be expected to deliver affordable housing. This is particularly likely to affect affordable housing delivery in the Thriving Towns and Villages Policy Area, because of a larger number of small developments. The evidence shows that West Devon and South Hams have delivered much less affordable housing as a percentage of all new homes than Plymouth. 37% of the new homes delivered in Plymouth over the past 5 years have been affordable homes, compared to 20% in West Devon and 19% in South Hams.

There are substantive reasons for believing that the SHMA Part 2 under-estimates the scale of housing need in the Plan Area, and over-estimates the degree to which planned affordable housing provision will meet that need. In particular, the analysis is very sensitive to the assumption that any household that is paying less than 35% of its gross income in rent for a suitably sized dwelling is not deemed to be in need.

The evidence in the SHMA shows that using the threshold of 35% of gross income to define which households are in housing need, there are currently 5,450 household in need of affordable homes. This level of existing need, once meshed with newly arising need, generates a requirement for 344 affordable homes pa over the Plan period. However if it were to be assumed that households should not pay more than 30% of their gross income in rent, then the need for affordable housing more than doubles to 694 dpa.

This finding alone would indicate that the Plan authorities should increase the planned level of housing to enable a higher level of affordable housing delivery, whether that is deemed to be part of the calculation of OAN, or a policy response to the scale of need evidenced in the SHMA Part 2. However there is additional evidence that not all buyers of Shared Ownership or other forms of Low Cost Home Ownership are likely to be assessed as being in housing need on the criteria used in the SHMA (see Appendix 1 Para 3.16 to 3.25)

Based on the past split between affordable rented homes and LCHO homes delivered in the Plan area, if only 75% of LCHO homes are bought by households deemed to be in housing need as defined in the SHMA, then the required level of total housing provision in the Plan area would rise from 1,335 dpa to 1,780 dpa, based on the SHMA assessment of need. This represents a 33% uplift. It is not proposed that this scale of

JANUARY 2018

uplift be applied, but it highlights the sensitivity of modest changes in assumptions to the assessed scale of need.

In view of the evidence presented in this report of the likely shortfall in planned provision of affordable housing relative to the need for affordable housing, Wessex Economics recommend a 15% uplift to the planned provision of housing from the current proposed plan provision of 26,700 dwellings 2014-34. This would mean planning for provision of an additional **4,005 dwellings** or an additional 200 dwellings pa over the Plan period.

Based on performance over the last 5 years in terms of affordable housing delivery across the HMA, this additional plan provision would deliver an additional 840 affordable rented homes in the Plan period (c42 homes pa); and 400 low cost home ownership dwellings (c20 units pa). This represents a meaningful contribution to the supply of affordable housing, while the market should be able to absorb a development of an additional 140 market sale homes per annum.

It is recommended that this uplift to overall housing provision be focused on West Devon and South Hams, since there is clear evidence that housing affordability is more stretched in these two authorities, and the levels of housing need when measured in terms of households in need per 1,000 households are higher than in Plymouth.

At the same time delivery of affordable housing has accounted for a significantly lower proportion of new homes in West Devon and South Hams than in Plymouth. It would make sense to concentrate this uplift to planned housing provision in the Thriving Towns and Villages Policy Area, since these are the areas where within the Districts where access to affordable housing is likely to be most needed, given prevailing house prices.

In terms of sustainability and ease of delivery it will be best to focus this additional development on the larger settlements in the Thriving Towns and Villages Policy Area. It is acknowledged, however, that development in the Thriving Towns and Villages Policy Area is more constrained by environmental considerations than development in the Plymouth Policy Area. It may be appropriate therefore for an element of the uplift of 4,005 dwellings to be provided in the Plymouth Policy Area, particularly in locations on the boundary of Plymouth with West Devon and South Hams, where additional affordable housing supply will help meet need in the two rural authorities.

Spatial Strategy

Question 3.2 (i and ii)

We are concerned that the approach taken towards allocations will not result in a sustainable pattern of development and is unduly restrictive in respect of the needs of West Devon.

Indeed, representations previously made and as set out in response to 3.1, confirm that the artificially constrained level of development both generally and at West Devon will mean that affordable housing requirements will not be met and housing will become less affordable in general. Indeed, Wessex Economics report (Appendix 1) sets out in detail the existing deficiencies in affordability.

JANUARY 2018

We are fundamentally concerned that restricting growth to such an extent can only constrain supply further, increase problems of affordability and it is unlikely to engender mixed communities. Furthermore it could mean that people need to travel further from the communities that they wish to live in.

Such an approach will exacerbate existing affordability problems. We are therefore of the view that additional housing must be identified within West Devon and Plymouth commensurate with the level of need. Indeed the NPPF (para 14) is clear that in promoting sustainable development through plan making, local authorities should positively seek opportunities to meet the development needs of their area and they should meet objectively assessed needs unless doing so would significantly and demonstrably outweigh the benefits of doing so. We have seen no evidence that there would be any adverse impacts upon any of the Authorities of meeting their OAN. Rather the impacts of not doing so would be adverse and contrary to the overarching aim of the NPPF to boost the supply of housing.

Question 3.2 (i)

We note in respect of land that is in the control of our clients at Callington Road, Tavistock that the Council's assessment of the site overstates the level of constraints. Indeed, technical work undertaken indicates that a transport solution would be achievable and that in landscape terms the site would not have an adverse impact, rather would present the opportunity (along with the allocated site to the south) to present a gateway to the town from the west.

In contrast to this site, we note that our clients have reviewed other sites that are considered achievable by the Council and have significant concerns over their availability (a number of these were subject to our previous representation which we do not repeat here but maintain our previously stated position on).

Question 3.2 (ii) & (iii)

In light of our concerns set out in our previous representations, relating to the Council's delivery assumptions, identified constraints to proposed allocations, previous lapse rates and poor performance previously we consider that a greater flexibility allowance of 20% should be sought across the Plan area.

We have already identified numerous issues with the proposed supply that mean a five year supply is not likely and we note that in reality there is a lot less "headroom" due to the reliance upon windfall sites and sites that are not allocated. This means that it cannot be relied upon to maintain a supply if issues arise (as sites will not have been identified).

Significant growth and new development is planned within the proposed Plymouth Eastern Growth Corridor. However, housing development is proposed to be concentrated in a relatively small selection of large and very large strategic allocations, with very few medium or small scale sites positively identified for development to deliver the overall requirements as set out in the Plan. This approach risks perpetuating past under delivery given the nature of large strategic development sites and the time required to ensure that development can be commenced. By contrast smaller sites are very often more deliverable and can better contribute to housing delivery over shorter timescales. It is considered that the lack of positive allocations for other small and medium sized housing sites will undermine the effectiveness of the Plan and does not result in a sound overall policy position.

The previous approach adopted for Plymouth and West Devon in the last iterations of their respective plans has not worked either. Indeed, the Plymouth Core Strategy identified a requirement for at least 17,250 dwellings, with a pool of supply of 21,000. This equates to headroom of in excess 20% in Plymouth. The West Devon Core Strategy indicated there was headroom of up to 15%, yet there was still **significant under**

JANUARY 2018

delivery in both cases. This emphasises the importance of having a wider pool of deliverable land in order to deliver requirements, plainly 20% needs to be a starting point.

Question 3.2 (iv)

Document H02C has been prepared in respect of Plymouth City setting out lapse rates since 2003. Plainly the plan will run until 2034 and it is most likely that it will encompass similar economic cycles (with peaks and troughs) as such, an average of the overall period should be taken. This would equate to 19%.

In respect of TTVPA, we note that the Council's indicate that 15% forms the mid point in the 10% to 20% range suggested by the Home Builders Federation. We note that the lapse rates for small sites was over 30% for each. As such, we would suggest that 20% is more appropriate at the upper end of the scale.

Question 3.2 (vii)

BDW consider that the backlog should be met in the next 5-year period (the Sedgefield method), rather than over the Plan period (the Liverpool approach). The application of the Sedgefield method more closely aligns with the NPPF's requirement to boost significantly the supply of housing (para. 47) and the need to meet objectively assessed needs (para. 14). Moreover, the PPG (Ref: Para 035, Ref ID: 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'."

Whilst this paragraph doesn't preclude the ability for Local Planning Authorities to employ the Liverpool method, there is a significant presumption in favour of using the Sedgefield approach. To deviate from the Sedgefield approach would require compelling justification. BDW strongly contest the Authorities' position that the strength of the housing market would preclude the ability of addressing the backlog within the next 5-years of the plan.

We are aware that there have been recent occasions where Inspectors have supported a Liverpool based approach. Where the Liverpool approach has been adopted (for instance High Peak) there were a materially different set of circumstances. In the High Peak case, the Inspector had concerns that the annualised requirement using the Sedgefield method ***"could not be achieved in the short term"*** (para. 53 refers). As set out above, there are no reasons why a Sedgefield based approach with a 20% buffer could not be delivered across the Plan period. If the five year requirement was 9,815 then there would be an annual requirement for 1,960, a level which the Council forecasts will be reached during numerous years.

The Sedgefield approach is considered to be both ambitious and achievable.

Implications for the Local Plan and changes required to make it sound

The practical effect of the updated recommendations by Wessex Economics are that there would be around a 4.5 year land supply based on the Joint Council's identified trajectory but this would decrease to around 3.7 if the sites that we previously raised concerns about failed to deliver. The table below sets out the relevant calculations.

JANUARY 2018

Table 1: Five year land supply based on Wessex Economics uplift assessed against the Council's supply and LRM Planning Supply.

		Number of Dwellings (Councils supply)	Number of Dwellings (LRM supply)
A	Requirement 2014– 2034	30705	30705
B	Annual Requirement 2014-2034	1535	1535
C	Five Year Requirement	7,675	7,675
D	Net Completions 2014 /17	3,691	3,691
E	Shortfall 2014/17	914	914
F	Five Year Requirement with Shortfall	8,589	8,589
G	5 Year Requirement with 20% buffer	10,307	10,307
H	Annualised Requirement with 20% buffer	2,061	2,061
I	Identified supply	9,400	7,669
J	Supply – Requirement (G-I)	-907	-2638
K	Number of Years Supply	4.5	3.7

On the basis of the evidence presented above, the following should be taken into account when assessing the Plan's housing supply:

- Uplift of 15% in the housing requirement to account for affordable housing needs which equates to an additional 4,005 dwellings;
- The bulk of the additional 4,005 recommended by Wessex Economic should be comprised of additional allocation of land across the Joint Plan area. This should be comprised of smaller sites of from 40 to 200 dwellings that can contribute significantly to the 5 year supply (as opposed to the larger strategic sites that will make a longer term contribution);
- A significant element should be concentrated in the Thriving Towns and Villages Policy area along with additional small scale sites around Plymouth;
- The application of an additional 20% buffer in the supply pool, given the historic under provision in each Local Authority and over the wider Plan area over the past 10 years and specifically since The Great Recession;
- The presumption in national planning policy to use the Sedgefield method when calculating housing land supply. No robust evidence has been presented by the Councils to outweigh this presumption; and
- The need to adopt more realistic delivery assumptions.

JANUARY 2018

When taking these key points together, BDW consider that there will be a shortfall in the 5-year housing land supply for the plan area of as set out in our previous representations. There are no constraints that would preclude such a level of development and it is considered that such a level of provision will be both aspirational and realistic. Indeed, the Council's own forecasts indicate that the levels identified by Wessex Economics are achievable.

In this regard and in order to avoid the failures in land supply of recent years, additional sites will be required.

Our clients BDW confirm their interest in land at Callington Road, Tavistock and at Brookwood Road, Plymouth would provide an additional c. 200 to 250 dwellings combined. Indeed, they anticipate that the these additional dwellings could be delivered in the 5-year period and would complement existing potential infrastructure, service and employment growth. The information has previously been submitted and additional work is presently being undertaken on it by our clients with a view to both sites being available to contribute towards the five year housing shortfall and identified deficiencies in the plan.

***LRM Planning
January 2017***



PLYMOUTH AND SOUTH WEST DEVON
LOCAL PLAN EXAMINATION

BARRATT DAVID WILSON HOMES SOUTH WEST
CONSULTEE ID 1016822

JANUARY 2018

APPENDIX 1