

Memo

Our ref 31640/AC/STi
Date January 2018
To Plymouth and South West Devon Joint Local Plan Examination
From Lichfields, on behalf of Mark Scoot, Taylor Wimpey (Exeter) and Bovis Homes Ltd.

Subject Matter 3: Housing

1.0 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)?

1.1 Lichfields accepts the definition of the relevant HMA, as set out in the Strategic Housing Market Needs Assessment (SHMA) (February 2017).

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?

1.2 The purported FOAN is not robust and should not be relied upon in the setting of the JLP housing requirement for the following key reasons:

- 1 There are errors in the SHMA's 10-year migration scenario, which forms the basis for its conclusions, including:
 - a The assessment is based on a single net migration figure, rather than the distinct components of in and out internal and in and out international migration, and it is unclear how it has determined the relative proportion of each component;
 - b The assessment includes unattributable population change (UPC) – the population change between the 2001 and 2011 Censuses which cannot be attributed to births, deaths or migration, which is either a result of the mis-recording of migration or the mis-recording of one (or both) Censuses; and,
 - c The assessment applies different fertility and mortality rates to those published in the SNPP, which are applied in the baseline scenario.
- 2 It fails to make adjustments to the 2014-based household formation rates in response to anticipated increases in household formation amongst the younger cohorts.
- 3 There are errors in the consideration of alignment of employment and housing growth.
- 4 The assessment of affordable housing need constrains the scale of need and fails to apply any uplift to the FOAN in response to the identified level of affordable housing need.

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 sub-national household projections?

- 1.3 The June 2016 paper¹ drew upon the 2012-based sub-national population projections (SNPP) and the 2012-based sub-national household projections (SNHP). The February 2017 SHMA drew upon the 2014-based SNPP and SNHP².
- 1.4 Although both studies conclude upon a 10-year migration trend as the most appropriate basis for the FOAN, they drew upon trends reported within these different projections. They also apply different 10-year timescales (2004-2014/2005-2015 – neither of which now constitute the most up-to-date evidence). Such a significant reduction over a short period of time causes concern and highlights the role of other factors (including household formation rates, employment alignment and affordable housing need) in achieving a more stable and robust assessment of need.

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?

Under-delivery of housing

- 1.5 There is clear evidence of past under-delivery of housing in the HMA to indicate that household formation rates have been constrained by supply.
- 1.6 An average of 1,110dpa were delivered across the HMA between 2001/02 and 2016/17:

Table 1 Annual dwelling completions

	Plymouth	South Hams	West Devon	HMA
2001/02	436	229	168	833
2002/03	456	172	176	804
2003/04	391	317	226	934
2004/05	981	297	193	1,471
2005/06	738	235	171	1,144
2006/07	1316	222	204	1,742
2007/08	790	144	530	1,464
2008/09	910	232	356	1,498
2009/10	401	217	225	843
2010/11	535	145	415	1,095
2011/12	454	210	93	757
2012/13	554	191	72	817

¹ Joint Local Plan - Plymouth, South Hams, West Devon: Establishing the Objectively Assessed Need.

² Published in May 2016 and July 2016 respectively.

	Plymouth	South Hams	West Devon	HMA
2013/14	439	194	102	735
2014/15	635	177	116	928
2015/16	1061	426	156	1,643
2016/17	528	326	196	1,050
Average annual delivery	664	233	212	1,110

Source: Plymouth & South West Devon Joint Local Plan Housing Topic Paper (Provision and Supply) (March 2017), Table A5-1

1.7 This compares to an overall target of 1,727dpa:

Table 2 Annual housing targets

	Relevant policy	Annual housing target			
		Plymouth	South Hams	West Devon	HMA
2001/02 – 2005/6	Proposal ST17 of the Devon Structure Plan 2001-2016	670	-	230	
2006/07 – 2016/17	Plymouth Core Strategy (adopted 23 April 2007) / West Devon LDF Core Strategy (based on South West Regional Strategy)	1,000	-	220	
2001/02 – 2016/17	South Hams Core Strategy	-	607	-	
Average annual target 2001/02 – 2016/17		897	607	223	1,727

Source: Devon Structure Plan 2001-2016; Plymouth Core Strategy (adopted April 2007); South Hams Core Strategy

1.8 The effect has been an average shortfall of 617dpa across the HMA between 2001/02 and 2016/17 – equivalent to 36% of the target.

Table 3 Shortfall in delivery

	Plymouth	South Hams	West Devon	HMA
Total housing target (2001 to 2017)	14,350	9,712	3,570	27,632
Total delivery (2001 to 2017)	10,625	3,734	3,399	17,758
Total shortfall (2001 to 2017)	3,725	5,978	171	9,874
Average annual shortfall	233	374	11	617

Source: Devon Structure Plan 2001-2016; Plymouth Core Strategy (adopted April 2007); South Hams Core Strategy; DCLG Live Table 122

1.9 This approach applies the Core Strategy housing requirements as the targets for all years, even though these were based on the former Regional Strategy and were known not to reflect identified need. Also, the South Hams Core Strategy is now time expired. The level of shortfall would be even greater if an appropriate FOAN figure was applied from the start of the JLP period.

1.10 The shortfall will have restricted the ability of people to form households. Young people will have been particularly affected, as affordability pressures have a disproportionate impact on

those with more limited means³. This lower level of household formation, and increase in the number of concealed households, will have influenced subsequent household projection data sets, perpetuating constrained trends in household formation. Basing future assessments of housing need on such (unaltered) projections would serve to underestimate need. This vicious circle would be perpetuated by simply planning for the same constrained levels of household formation that occurred in the past.

Household formation rates

- 1.11 The SHMA applies the household formation rates as published within the 2014-based SNHP and fails to acknowledge that they give greater weight to short-term trends for 15-29 year olds. As such, the projections are based on the suppressed household formation rates which occurred both during and immediately prior to the recession, particularly for younger people. These trends were caused by the results of the economic downturn, constrained mortgage finance and past housing under-supply, as well as the preceding time of increasing unaffordability.
- 1.12 A comparison of the average household sizes and household formation rates contained within the 2008-based and 2014-based SNHP illustrates that the 2008-based rates reflected long-term trends and that the 2014-based SNHP carry forwards constrained levels of household formation amongst younger age cohorts (see Appendix 1).
- 1.13 Whilst some (including, it would appear, PBA) would suggest that the reduction in household formation rates represents a “new norm”, an increasing focus of government policy is to assist household formation amongst younger people. The Secretary of State for Communities and Local Government considered this issue in a speech on 16 November 2017:
- “The figures that have been released today show that we have started turning things around. But they are only a small step in the right direction. What we need now is a giant leap. ...Even today, I still hear from those who say that there isn’t a problem with housing in this country. That we don’t need to build more... It’s nonsense. The people who tell me this – usually baby boomers who have long-since paid off their own mortgage – they are living in a different world... Nationwide, the average house price is now 8 times the average income. The average age of a first-time buyer is now 32. ... Where once it would have taken an average couple 3 years to save for a deposit – 3 years – it will now take a quarter of a century. Assuming, of course, they can afford to save at all.”*
- 1.14 The government has committed to addressing the housing crisis but its success will depend upon the actions of local authorities across the country. The suggestion that a movement away from long-term trends is acceptable serves to undermine the achievement of the “giant leap” to which the Secretary of State aspires.

³ The problem of declining affordability for younger households is acknowledged within paragraphs 7 and 8 of the Housing and Planning Act 2016 Explanatory Notes (Appendix 4).

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?

- 1.15 The PPG indicates that the uplift for market signals is not designed to provide directly for any previous under-delivery. Instead, this matter should be addressed via the five-year supply requirement (PPG ID:3-035 -20140306). The SHMA considers the rate of development alongside the other market signals (PPG ID:2a-019-20140306) and applies an appropriate uplift for market signals.

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?

- 1.16 The SHMA adopts reasonable vacancy rates for each of the local authorities. It is appropriate to take into account second homes, for the reasons given at paragraph 3.5.5, and as established in case law⁴.

vii Does the housing requirement make sufficient provision for economic growth?

- 1.17 The SHMA concludes that no uplift is required to the preferred demographic-led scenario to provide sufficient workers to fill the anticipated jobs (SHMA Part 1, paragraph 4.2.6). However, issues with the PBA methodology cast serious doubt on its robustness (for more detail, see Appendix 2):
- 1 No local authority-level analysis and so no reflection of different economic activity, unemployment and commuting rates in the three areas, and no assurance of alignment between jobs and dwellings within each area;
 - 2 The economic forecasts are essentially demographic-led, which start with a given population and consider the likely resulting job growth. This does not fulfil the PPG requirement to test the labour force required to fulfil an expected level of job growth (ID:2a-018-20140306);
 - 3 The SHMA considers forecasts produced by only one company, rather than a range of forecasts from different organisations⁵;
 - 4 The SHMA has not taken account of past job trends (PPG ID:2a-018-20140306). It refers to BRES employment data (Assessment of Employment Forecasts, paragraph 4.3.2), which were higher than the level of growth anticipated by the Experian forecasts (1,100 jobs pa between 2010 and 2014 compared to the forecasts of 985-1,020 jobs pa) but does not factor this data into its analysis.

ONS Jobs Density data provides a more reliable indication of longer term employment trends than BRES data, which excludes some self-employed people. This shows an increase of 1,800 jobs pa between 2010 and 2015, and 1,733 jobs pa between 2000 and 2015.

⁴ Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government and Elm Park Holdings Ltd (2015). EWHC 2464.

⁵ South Worcestershire Development Plan Inspector, Interim Conclusions (October 2013) (Appendix 14), paragraph 45.

Therefore, the SHMA is flawed in basing its analysis of the alignment between housing and employment growth on forecasts that are considerably lower than past trends.

Assumptions

- 1.18 In applying these scenarios, the SHMA has accepted the assumptions implicit within the Experian model in relation to economic activity rates, commuting and unemployment:

Table 4 Employment-led forecasts of growth across the Plymouth and South West Devon JLP area (2014 to 2034)

Variable name (000s)	Baseline employment trend	10-year migration trend
	% Change	% Change
Total population	9%	11%
Working age population	6%	8%
Economic activity rate (working age)	3%	1%
Workforce jobs	10%	10%
Unemployment	0%	8%
Unemployment rate	-8%	-1%
Net commuting balance (inflow)	557%	615%

Source: Experian, reported by PBA Assessment of Economic Forecasts, Table 4.3

- 1.19 The SHMA provides no indication of the actual rates applied, why the rates differ between the two scenarios, how they might vary in each local authority and between different gender and age cohorts, or an explanation of the assumed changes. Lichfields questions in particular:

- 1 The assumed increase in the working age population of 6% and 8%. This differs significantly to the 2014-based SNPP, which anticipates a decline of 2.8% across the HMA. The SHMA does not provide any data regarding the age profile of the 10-year population trend but it is difficult to envisage such a dramatic increase in the number of working age people compared to the SNPP, particularly considering the relative total population projections:

Table 5 Comparison of SNPP and 10-year migration trends population projections

	2014 population	2034 population	Total growth	% increase
SNPP	399,900	434,900	35,000	8.75%
10-year trend based		442,700	42,800	10.7%

Source: SHMA Tables 4 and 6

The implication is that a significant uplift is required to achieve the increase in working age population upon which the forecasts appear to be predicated.

- 2 The lack of consistency in the economic activity rates and the failure to apply age and gender-specific rates for each local authority area.
- 3 The expected reduction in the unemployment rate. It is unclear how a small difference in employment growth between the two scenarios would generate such a significant variation.
- 4 The dramatic assumed increase in commuting across both scenarios. According to the 2011 Census, the HMA was a net-importer of 5,420 workers. Increasing this by between 557% and 615% would require an additional 30,000-33,000 net in-commuters; such a figure is implausible.

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 dwellings in the plan period comply with Government policy to boost the supply of housing?

1.20 The proposed 26,700 dwellings fails to reflect the actual FOAN for the JLP area (see other responses to Question 3.1) and does not comply with government policy to boost the supply of housing.

ix Has the need for affordable housing been adequately assessed and is the requirement for affordable housing identified in Policy SPT3 appropriate?

1.21 Whilst the SHMA methodology to calculate affordable housing need broadly follows the PPG (ID:2a-022-20140306 to 029-20140306), there are a number of components which are at fault and which serve to underestimate the level of affordable housing need. Given the requirements of the NPPF and PPG, this would necessitate a potential increase in FOAN.

Current households in housing need

1.22 In calculating the number of households in need, the SHMA Part 2 removes those households that it claims can afford to access housing within the market sector without subsidy (SHMA Part 2, paragraph 5.7). In doing so, it makes assumptions regarding income thresholds for different types of households that do not comply with the PPG.

1.23 The SHMA applies the income threshold for social rented households (50.4% of income of all households) to homeless, concealed or other unsuitably housed households. However, the average income of homeless households and those residing in unfit housing conditions is likely to be considerably less than that for social rented households. This approach will have reduced the true number of current households in need of affordable housing and cannot be taken as robust.

Proportion of household income spent of housing

1.24 The SHMA serves to reduce the number of households that should be recognised as needing affordable homes by assuming that up to 35% of gross household income can be spent on mortgages or rents and still be affordable (SHMA Part 2, paragraph 5.36). It erroneously claims that this threshold reflects current typical market practices in the area (SHMA Part 2, Appendix 3, p.122).

1.25 The SHMA indicates that households on median income spend the following average proportions of their incomes on rent:

Table 6 Purported proportion of household income spent on rent

	Plymouth	South Hams	West Devon
Purported proportion of household income spent on rent	37.9%	36.9%	36.0%

Source: SHMA Part 2, Appendix, p.21

1.26 The SHMA states that these figures are based upon a review of the data in Figures 2.9 and 3.9 (SHMA Part 2). Lichfields' analysis of this data does not correlate with this assertion. Similarly, it is unclear where the purported ratios of lower quartile incomes to lower quartile rents come from (p.122). There is, therefore, no apparent justification for the 35% ratio.

- 1.27 Even if this did reflect current practice, the SHMA does not contain any reasonable justification for maintaining the status quo in the light of the government’s clearly defined objectives for improving affordability. The issue of income thresholds was explicitly considered with regards to the use of a 30% income threshold in the Inspector’s findings into the East Hampshire Joint Local Plan⁶ (paragraph 17-18) and in the Eastleigh Local Plan Examination Inspector’s report⁷ (paragraph 32-33). These Inspectors concluded that there may be cases where households choose to stretch their finances in order to access housing due to affordability pressures but that this will have adverse consequences, and it is not right to plan on this basis.
- 1.28 The use of this income threshold could therefore perpetuate trends towards ever squeezed incomes, and it is worth noting that 35% of gross income would represent an even more significant proportion of net income which households actually receive, likely close to 50%.
- 1.29 The following tables demonstrate the current relative (un)affordability of rental properties for households in each local authority within the HMA, drawing upon the household income data and rental values set out in the SHMA:

Table 7 Relationship between average monthly rent and household income in West Devon

	Average monthly rent (median)	Household income		
		% of lower quartile income (£1,429/mth)	% of median income (£2,527/mth)	% of upper quartile income (£4,091/mth)
Shared room	£400	28.0%	15.8%	9.8%
1 bedroom	£475	33.2%	18.8%	11.6%
2 bedrooms	£575	40.2%	22.8%	14.1%
3 bedrooms	£725	50.7%	28.7%	17.7%
4 bedrooms	£1,050	73.5%	41.6%	25.7%

Source: SHMA Part 2, Figures 2.9 and 3.9

Table 8 Relationship between average monthly rent and household income in Plymouth

	Average monthly rent (median)	Household income		
		% of lower quartile income (£1,148/mth)	% of median income (£2,029/mth)	% of upper quartile income (£3,427/mth)
Shared room	£415	36.1%	20.5%	12.1%
1 bedroom	£500	43.6%	24.6%	14.6%
2 bedrooms	£650	56.6%	32.0%	19.0%
3 bedrooms	£825	71.9%	40.7%	24.1%
4 bedrooms	£1,150	100.2%	56.7%	33.6%

Source: SHMA Part 2, Figures 2.9 and 3.9

⁶ Report on the examination into East Hampshire District Local Plan Joint Core Strategy, April 2014 (Appendix 15).

⁷ Eastleigh Borough Local Plan, Inspector’s Report, February 2015 (Appendix 16).

Table 9 Relationship between average monthly rent and household income in South Hams

	Average monthly rent (median)	Household income		
		% of lower quartile income (£1,535/mth)	% of median income (£2,768/mth)	% of upper quartile income (£4,455/mth)
Shared room	£450	29.3%	16.3%	10.1%
1 bedroom	£540	35.2%	19.5%	12.1%
2 bedrooms	£695	45.3%	25.1%	15.6%
3 bedrooms	£925	60.3%	33.4%	20.8%
4 bedrooms	£1,200	78.2%	43.4%	26.9%

Source: SHMA Part 2, Figures 2.9 and 3.9

- 1.30 This data indicates that, on the basis of a 30% threshold, a household on a lower quartile income could only afford a shared room in West Devon and South Hams and would be unable to afford any accommodation in Plymouth. A household on a median income could afford a 1-bed home in Plymouth, a 2-bed home in South Hams and a 3-bed home in West Devon.
- 1.31 There is no evidence to suggest that a 35% threshold is appropriate in the HMA or that it would serve any purpose other than to downplay the actual level of need. A 30% threshold would be reasonable, and potentially conservative.
- 1.32 Table 10 indicates that reducing the threshold from 35% to 30% would increase the affordable housing need significantly, from 344dpa to 694dpa across the HMA.

Table 10 Impact of different affordability assumptions upon affordable housing need

	35% of gross household income	30% of gross household income	25% of gross household income
Plymouth	189	391	635
South Hams	98	159	219
West Devon	57	144	226
Total HMA	344	694	1,080

Source: Plymouth, South Hams and West Devon SHMA Part 2, Tables 5.14, 5.14a, 5.14b, 5.14c

- 1.33 The relationship between these affordable housing need figures and the purported FOAN is set out below:

Table 11 Alternative affordable housing scenarios as % of FOAN

	35% of gross household income	30% of gross household income	25% of gross household income
SHMA FOAN	1,365		
Affordable housing need	344	694	1,080
Affordable housing as % of FOAN	25.2%	50.8%	79.1%
JLP affordable housing delivery (30%)	410		
Affordable housing surplus/shortfall	+66 (+19.2%)	-284 (-40.9%)	-670 (-62.0%)

Source: Plymouth, South Hams and West Devon SHMA Part 2, Tables 5.14, 5.14a, 5.14b, 5.14c

- 1.34 Applying an appropriate 30% income threshold would result in a very substantial shortfall in affordable housing delivery.

Current affordable housing supply

- 1.35 The SHMA has double-counted in its removal of “transfers” from its assessed level of affordable housing need, thereby providing a constrained picture of need. The SHMA appropriately calculates a three-year average of social rented re-lets in each local authority and across the HMA (SHMA Part 2, Table 5.7). However, the SHMA uses DCLG Continuous Recording (CORE) data, which includes both “new tenants” and “transfers”. Transfers should not be included in the average number of re-lets to come forward in the future because it does not release additional homes to those in future need; it is simply existing tenants (who already have their need met) moving from one social rented home to another.
- 1.36 There is no evidence that occupiers of affordable housing have been included within the need category to balance out the impact upon supply. The SHMA identifies two sources of newly arising need: new household formation and existing households falling into need. Neither is explicitly shown to include current affordable housing tenants (SHMA Part 2, Table 5.5).
- 1.37 The need to exclude transfers at this stage of the calculation is explicitly set out in the title of PPG paragraph ID:2a-027-20140306. Transfers are taken into account in the PPG compliant calculation of affordable housing needs when affordable dwellings occupied by households in need are removed from the calculation as a component of supply. The SHMA does this in respect of existing households (SHMA Part 2, paragraph 5.19) but not new households.
- 1.38 The impact of this approach is that the supply of affordable housing has been overestimated, resulting in an underestimation of future need.

Consideration of an uplift to total FOAN

- 1.39 The SHMA does not comply with the PPG requirement to consider whether an uplift should be applied to the total FOAN to help meet identified affordable housing need. PBA asserts that such an uplift would be a “policy-on” consideration (SHMA Part 1, paragraph 1.1.4). However, the PPG is clear that this consideration should form part of the overall FOAN calculation (ID:2a-29-20140306), and the courts have confirmed this to be the case^{8,9}. The PAS guidance upon which PBA relies (which does not constitute a statutory document) also recognises this at paragraph 9.8.
- 1.40 The Kings Lynn HCJ is clear that the correct method for identifying the amount of housing required to meet full affordable housing needs is to firstly consider the quantum of market housing needed to deliver full affordable housing needs (at a given percentage). Whilst recognising that this may lead to a FOAN figure which is so large that there is “*little or no prospect of delivering [it] in practice*”, Dove J was clear that consideration of how affordable needs can be “addressed” is necessary as part of the FOAN calculation¹⁰. This needs to be an

⁸ Satnam Millennium v Warrington Borough Council (2015). EWHC370.

⁹ Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government and Elm Park Holdings Ltd. (2015) EWHC 2464 (paragraph 35 to 36).

¹⁰ Borough Council of Kings Lynn and West Norfolk v Secretary of State for Communities and Local Government and Elm Park Holdings Ltd. (2015). EWHC 2464 (paragraph 35 to 36). The Kings Lynn judgment was also supported by Jelson Ltd v Secretary of State and Hinckley and Bosworth Borough Council (2016) EWHC2979.

uplift of consequence, insofar as it can reasonably be expected to occur. For more detail, see Appendix 3.

1.41 The SHMA fails to apply this method. As a result, its approach is neither defensible nor lawful.

**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?**

1.42 No comment

xi Have the housing needs for gypsies, travellers and travelling showpeople been adequately assessed in accordance with national policy?

1.43 No comment

2.0 3.2 Spatial strategy – overall distribution of the housing provision across the JLP area

i The Councils' calculation of OAN indicates a requirement for the following distribution between the three Council areas in the JLP:

- 1. Plymouth City 18,217**
- 2. South Hams 3,924**
- 3. West Devon 5,162**

Of this total, some 600 would be provided within the DNP, leaving a requirement for 26,700 dwellings in the JLP.

Taking into account the Councils' assessment of housing land supply throughout the JLP area, the strategic objective to strengthen the focus of growth on Plymouth and in order to support the greater use and viability of sustainable transport modes in commuting to work (TP3 para 5.57), the distribution proposed as a monitoring target for the plan period in the JLP (Annex 2) is:

- 1. Plymouth City 13,200**
- 2. South Hams 10,300**
- 3. West Devon 3,200**

To what extent is it reasonable to distribute the housing requirement between the 3 Councils as proposed? Is this supported by credible evidence?

- 2.1** The distribution of the housing requirement between the three Councils¹¹ is neither reasonable nor supported by credible evidence, nor is there evidence of agreement on this approach. The arrangements for its practical administration are also unclear.
- 2.2** The emerging JLP does not fulfil the PPG requirement for joint plans to clearly set out their approach to the five-year housing supply (ID:2a-010-20140306). It is unclear as to the status of the proposed monitoring targets and the responsibility for their fulfilment. This could lead to non-delivery of needed homes if the supply of housing land falls below five years in either Policy Area. In this case, it would not be clear which local authority would be responsible for providing additional sites. This outcome would fail to meet the needs of local communities and would not be sustainable in terms of meeting evidenced need for new homes.
- 2.3** The Housing Topic Paper (HTP) does not provide robust evidence to justify the direction of 800 dwellings from West Devon to the PPA, with an additional 900 dwellings redirected from West

¹¹ As explained in the *Plymouth & South West Devon Joint Local Plan Housing Topic Paper (Provision and Supply)* (March 2017, page 31-38).

Devon to South Hams (paragraph 5.53). It is also unclear why no growth is to be redistributed from Plymouth to West Devon, such that none of Plymouth's housing needs are to be accommodated in West Devon. This is particularly important given the conclusion of the HTP that the transfer of job growth forecasted for West Devon to other areas would potentially have "*adverse consequences for the local economy*" (paragraph 5.58). This approach is inconsistent with the NPPF requirement to build a strong, competitive economy.

- 2.4 A deduction of 600 units has been applied to take account of Dartmoor National Park. No evidence is provided to justify this figure, in particular whether it is considered to be deliverable based on past completions. Furthermore, the HTP, paragraph 5.47 notes that this figure has been divided by a "*simple*" 50:50 split between South Hams and West Devon "*in the absence of any detailed assessments of population or households*". This approach fails to comply with the NPPF requirement to ensure Local Plans are based on adequate, up-to-date, relevant evidence (paragraph 158).
- 2.5 The very limited progress at Sherford (in Plymouth/South Hams), which is years behind, means that this development will continue to play a crucial role in meeting Plymouth-related growth. An alternative approach would be to take the number of dwellings proposed at Sherford as a proxy for the proposed redistribution of homes to South Hams.

ii The housing requirement is directed in Policy SPT3 to the two Policy Areas proposed in the JLP. A requirement for at least 19,000 dwellings is allocated to the Plymouth Policy Area (PPA), with at least 7,700 to the Thriving Towns and Villages Policy Area (TTVPA). Is the split between the PAs justified, and will it meet the needs of local communities and be sustainable?

- 2.6 See answer to 3.2i

3.3 Assessing the supply of housing land to deliver Policy SPT3

i Is the methodology used by the Councils in the Strategic Housing Land Assessment to assess the availability, suitability and likely economic viability of land that could meet the identified need for housing over the plan period sound? Are the reasons for selecting preferred sites and rejecting others clear?

- 2.7 No comment

ii At March 2016 the Councils forecast a potential supply of some 29,800 dwellings during the plan period (TP3 Table 12a). Would this provide sufficient head room between the overall land supply and housing requirement figures to enable the Council to react quickly to any unforeseen change in circumstances and to ensure that the full requirement is met during the plan period?

- 2.8 No comment

iii Are the sources of supply and the expected contribution from Neighbourhood Plans, student accommodation release, small and large sites which are not allocated, and small site windfalls included in Table 12a justified?

- 2.9 The HTP assumes that 1% of the total supply (225 dwellings) will be provided through release of existing dwellings following the provision of student accommodation in Plymouth (paragraph 7.18). The calculations in HTP Appendix 7.7 do not relate to this figure. Therefore, the 1% figure is arbitrary and does not comply with the PPG requirement that student accommodation included towards the housing requirement should be “based on the amount of accommodation it releases in the housing market” (ID:3-038-20140306).
- 2.10 The Exeter HCJ¹² establishes that the PPG does not simply allow an authority to include all new student accommodation within the housing requirement (paragraph 43). It indicates that the local authority should establish the extent to which new student accommodation would release dwellings into the general housing market, for example by considering whether the student population is relatively stable and whether the number of market dwellings occupied by students is declining as a consequence of the provision of student accommodation (paragraph 47-48). The emerging JLP has not done this, and so the inclusion of 225 released dwellings following the provision of student accommodation cannot be justified.

iv Are the allowances for a lapse rate in the completion of planning permissions of 10% for PPA and 15% for TTVPA appropriate? Is there any evidence to indicate these should be changed?

- 2.11 No comment

v Monitoring targets for each LPA are set out in Annex 2 to the JLP. It is stated in TP3 para 8.22 that each LPA will monitor delivery against these target figures to ensure that the requirements of para 47 of the NPPF are being met. It is then stated in para 8.25 of TP3 that the PA targets in STP3 will be used for 5 year housing land supply analysis for development management purposes. Can the Councils please explain how this will work in practice? For example, if there is a shortfall in delivery within the PPA, would it become the responsibility of Plymouth CC or S Hams to find further allocations to make up the shortfall?

- 2.12 See response to Question 3.2i.

vi Based on a requirement for 26,700 dwellings, is the annual requirement 1335, split between PPA 950 and TTVPA 385?

- 2.13 No comment

¹² Exeter City Council v Secretary of State for Communities and Local Government, Waddeton Park Limited and The R B Nelder Trust (2015). EWHC 1663.

vii In order to calculate a five year supply, is it appropriate to provide for the backlog within the first five years, with a 20% buffer to secure choice in supply? Would the five year requirement then be 9,815 in the first five years?

- 2.14 Lichfields agrees with JLP paragraph 3.26 that the Plan should provide for the backlog within the first five years and add a 20% buffer. This “Sedgefield” approach is supported by a number of post-NPPF appeal decisions, including Land off Sadberge Road¹³.
- 2.15 The application of a 20% buffer is appropriate given the persistent under-delivery across the HMA.

Table 12 No. years failure to meet housing targets

	Plymouth	South Hams	West Devon
5 years to 2015/16	4 (80%)	5 (100%)	5 (100%)
10 years to 2015/16	8 (80%)	10 (100%)	6 (60%)
15 years to 2015/16	11 (73%)	15 (100%)	12 (80%)

Source: JLP Housing Topic Paper / Lichfields analysis

- 2.16 As proposed in the emerging JLP (Figure 3.4), the buffer should be applied to the future housing requirement and the backlog on the basis that these collectively form the requirement for the next five years and the purpose of the buffer is to increase the supply so that that the identified requirement can be met in full¹⁴.
- 2.17 However, Lichfields notes that the JLP proposes to remove a surplus of 42 dwellings delivered since the start of the Plan period in relation to the TTVPA from the buffer calculation (JLP, Figure 3.4). This “surplus” has only been identified as a result of the way the Policy Area boundaries have been drawn. Given the shortfall in delivery in each of the three local authority areas, this approach is highly unreasonable.
- 2.18 The approach also fails to reflect the NPPF policy to “boost significantly the supply of housing” (paragraph 47). The HTP asserts that a surplus delivery can be removed from the requirement for the next five-year period (paragraph A6.15), but case law indicates that a surplus should not be removed from the supply if it relates only to a policy requirement rather than housing need¹⁵, or if the target is expressed as a minimum¹⁶. In the case of the emerging JLP, the level of delivery is being tested against a contested emerging housing requirement policy, which is proposed as a minimum.

¹³ Land off Sadberge Road, Middleton St George, Darlington, County Durham (APP/N1350/A/14/2217552) 12 January 2015 (Appendix 5).

¹⁴ Land off Station Road, Great Ayton (APP/G2713/A/14/2218137) 10 July 2015 (Appendix 6); Land off Tanton Road, Stokesley (APP/G2713/A/14/2223624) 7 September 2015 (Appendix 7); Land and buildings off Watery Lane, Curborough, Lichfield (APP/K3415/A/14/22274354) 13 February 2017 (Appendix 8); Land to the north of Dark Lane, Alrewas, Burton upon Trent, Staffordshire (APP/K3415/A/14/2225799) 13 February 2017 (Appendix 9).

¹⁵ Land adjacent to “The Navigator”, off Swanwick Lane, Lower Swanwick, Hampshire (APP/A1720/A/14/2220031) 20 January 2015 (Appendix 10).

¹⁶ Land north of Aylesbury Road, Wendover, Buckinghamshire (APP/Jo405/W/16/3158833) 9 October 2017 (Appendix 11).

viii Can the figures on housing land supply be updated to March 2017, including revised detailed housing trajectories to replace TP3A, TP3B and TP3C? (*Hard copies should be no greater than A3 size*)

2.19 No comment

ix To what extent has the data in the trajectories been discussed and agreed with the development industry?

2.20 No comment