

PETERBOROUGH LOCAL PLAN EXAMINATION

Matter 4 Objectively Assessed Needs for Housing and Employment Land

Issue: Whether the Plan has been positively prepared and whether it is justified, effective and consistent with national planning policy in relation to the overall provision for housing and employment land.

Housing

Q1. Given that the use of the standardised housing methodology is emerging policy, is it appropriate to use it in this plan?

No. The draft NPPF published earlier is clear that any plan submitted 6 months prior to the publication of the NPPF will be examined under the policy framework within which it was submitted. Early adoption also ignores any other changes to national policy that are linked to the OAN that will need to be addressed by the Council prior to adopting this figure. As the inspector has noted in question 6 the draft PPG states that OAN is a starting point for assessing needs and that other factors may require an uplift to the OAN and further and more in-depth considerations would need to be made by the Council prior to its adoption. To take forward the standard methodology is premature and is an unsound approach to assessing housing need on the basis of current planning policy.

Q2 What is the difference, in numerical terms, between the Objectively Assessed Need (OAN) for housing and the target of 942 new dwellings set by the standardised housing methodology?

On the basis of the annualised figures the Council's most up to date SHMA the OAN for Peterborough is 981 dwellings per annum (dpa) which would deliver an total of 24,537 homes between 2011 and 2036. To make a reasonable comparison between the two approaches it is necessary to adjust delivery of the SHMA OAN to the 2016 2026 period. Given delivery between 2011 and 2017 5,840 new homes, an under supply of 46 against the OAN in the SHMA update then delivery for the plan period would need to be 19,666 to meet needs in full. Using an OAN based on the standard methodology of 942 dpa would require the Council to deliver 18,840 dwellings during the plan period.

One other difficulty in accurately assessing the two figures side by side is that the affordability ratio, which is a key determinant of housing needs within the standard methodology, is not based on the most up to date information. The Council's proposed level of housing need is based on an affordability ratio of 5.93. However, the latest affordability ratios published by Government shows that this has risen to 6.64. This sees the uplift to the baseline demographic projections increase from 12% to 17%. Using the 2014 based household projections this would lead to an annualised OAN using the

standard methodology of 961 dpa. This would require the Council to deliver 19,220 new homes between 2016 and 2036.

Q3. Why does the Plan refer to the OAN figure in the 2015 SHMA and not the higher figure in the 2017 Update?

No comment

Q4. Why was the 2017 SHMA update based on a different area to the earlier SHMAs

No comment

Q5. Why is the base date of the Plan (2016) different to the base date of the SHMA (2011)? What is the implications of this?

If the standard methodology is introduced, then the base date for the plan will also be set by the methodology and not by the Council. Any past under provision will be wiped clean as the Government consider this to be taken into account as part of the affordability uplift. In effect any past under supply is considered to be reflected in a worse affordability ratio and a higher final OAN. However, until this position is officially Government policy it cannot be considered a sound approach. As part of the process of assessing housing needs as set out in paragraph 2a-019 of the PPG LPAs are required to consider the impact of any under delivery on planned supply and increase future supply to reflect the likelihood of under delivery. In deciding to use the standard methodology and adopt a requirement of 942 dpa based on the basis of the standard methodology the Council has not undertaken any consideration of past supply within its assessment and as such cannot be considered sound.

However, as mentioned above the implications of this change in base date would appear to be relatively modest in the case of Peterborough. Housing supply during the 2011 to 2017 period, as set out in Figure 1 of the AMR 2017(MOO2a) was 5,840 units. When considered against the 2017 SHMA OAN of 981 dpa this would leave a shortfall of just 46 units for the 2011 to 2017 period.

Q6. Page 26 of the draft PPG on Local Housing Need Assessment states that the need generated by the standard method should be considered as the minimum starting point. It indicates that there may be circumstances where an uplift might be appropriate, or identified as a range with the lower end of the range being as a minimum the figure calculated using the standard methodology. Is that the case here for a higher figure, or a range, especially as the OAN is higher and there appears to be a growth strategy in place?

If the NPPF and PPG remain unaltered then the standard methodology would be the minimum starting point for assessing any need and any growth strategies for the Combined Authority would need to be considered. However, these would need to be considered on the basis of the growth aspirations of the Cambridgeshire/ Peterborough area and whether the growth expected from the implementation of the standard methodology is sufficient to achieve those aspirations. This will need to be part of much

wider conversation across the Combined Authority and is another indication that the decision to move forward on the basis of the standard methodology is unsound. The only sound approach that can be taken is for the Council to meet in full the OAN established in the 2017 SHMA of 981 units for the plan period 2011 to 2036.

8. Does the OAN figure take account of the most recent DCLG household projections, market signals, economic/jobs growth and the need for adequate levels of affordable housing to be provided? Has an allowance been made for vacancy rates and second homes with reference to existing and future housing stock?

In assessing housing need the approach taken by the SHMA update is based on the most up to date household projections available and considers market signals, economic growth and affordable housing. Whilst we would disagree with some elements of the SHMA and the approach it takes the final OAN is similar to what we would consider to be appropriate. However, we would suggest that any housing need assessment should apply a vacancy and second home rate to the base line household projections to ensure that needs are met and there is sufficient flexibility within the market. We would also suggest that some consideration needs to be given to increasing the Council's housing requirement with regard to affordable housing needs as established in paragraph 2a-029 of PPG.

9. Is the housing target in the Plan appropriately aligned with forecasts for jobs growth?

No comment

10. Does the housing target take appropriate account of the need to ensure that the identified requirement for affordable housing is delivered?

PPG sets out in paragraph 2a-029 that LPAs should consider an increase in its housing requirement in order to better address the affordable housing needs of an area. The 2017 SHMA indicates at paragraph 4.26 that whilst the need for affordable housing has reduced since the 2015 study it still remains at a level which the Council will not be able to meet given the viability of development in Peterborough. In order to meet an affordable housing need of 559 dpa would require the delivery of 1,863 new market homes each year, based on the Council 30% affordable housing policy. This is significantly higher than the current level of delivery expected through this plan and would suggest that some consideration must be given to increasing the housing requirement in order to improve the delivery of affordable housing. At the very least it would suggest that reducing the target from 981 to 941 is an unsound course of action. It must also be remembered that even if the Council were able to use the standard methodology the draft PPG continues to require Council's to consider increasing their requirements on the basis of affordable housing needs. On page 31 of the consultation document it is stated that:

"An increase in the total housing figures included in any strategic plan may need to be considered where it could help deliver the required number of affordable homes."

This is further evidence that the Council have acted prematurely in applying the standard methodology. What is evident from the latest draft guidance is that the standard methodology is a minimum starting point with LPAs needing to consider a range of other issues prior to setting its housing requirement. The Council have not undertaken this work and if it had the outcome may well have been different to the one proposed in the local plan.

Recommendation on the Council's housing requirement

In order to make the plan sound we would consider the only option is to set a minimum housing requirement of 981 dpa across the plan period of 2011 to 2036 to meet Peterborough's needs, plus the 2500 additional units to meet the needs of East Cambridgeshire and Fenland and an additional 600 units between 2021 and 2036 to meet the needs of a growing student population.

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