

## Home Builders Federation

### Matters 3

## WEALDEN LOCAL PLAN EXAMINATION

### Matter 3: Objectively Assessed Needs for Housing and Employment Land

**Issue 1: Whether the Council's approach to calculating its full, objectively assessed needs is justified, based on up-to-date and reliable evidence, effective, positively prepared, and consistent with national policy?**

#### **Objectively Assessed Need- Housing**

Does the plan period cover an appropriate time frame for the provision of housing (2013-2028), and is it consistent with national policy? Should it be extended. If so, why? Why is a different time period chosen to that set for employment and retail matters?

See answer to matter 2 issue 1. The development limits imposed by the Council are principally a result of the conclusions of the Habitats Regulation Assessment (HRA). However, we consider the Council's position regarding the impact of development on Ashdown Forest and other European designated sites to have been overstated and that the proposed limits should not be placed on growth within Wealden. As such the plan period should be extended to 2035 in order to be consistent with paragraph 157 of the NPPF and ensure the Council plans for the longer-term development requirements of Wealden. Such an extension to the plan period, and the additional allocations required, would ensure that residents, businesses, and developers have greater certainty over the long term as to how and where the development needed to meet growth will be delivered.

Is Wealden's functional housing market discrete? How has the housing requirement for the wider HMA been considered with particular reference to the South Downs National Park and Eastbourne BC? Should an OAHN for the wider HMA have been set in addition to the OAHN which is specific to Wealden? What influence have the overlapping and neighbouring housing markets had on the setting of Wealden's OAHN, in particular those of Eastbourne and the South Down's National Park?

In any HMA there will be sub markets often around larger settlements or transport nodes. Such sub market may be used to inform the spatial distribution of development



within an HMA – such as identifying development in the south of Wealden to meet the needs of Eastbourne. However, it should not preclude needs arising in a sub area being met elsewhere in the HMA. The reason behind identifying an HMA is to identify across a wider strategic area the number of homes that are needed, and to move forward collectively to meet those needs.

However, it would appear that the collective approach to planning for and meeting housing needs across the HMA that the Government expected to take place through the Duty to Co-operate has not been achieved by WDC and its neighbours. WDC have not responded positively to requests from Eastbourne Borough Council (EBC) with regard to meeting the needs of this tightly constrained borough stating that there was no surplus resulting from the Wealden Local Plan and should capacity issues be addressed then any surplus would go towards meeting Wealden's needs. Little attempt seems to have been made by WDC to work with EBC or other authorities to establish an OAN for the HMA as a whole and then work collectively to meet those needs. WDC has largely focussed on its own needs when it should have been working closely with EBC in particular to identify additional sites which could be used to meet some of Eastbourne's unmet housing needs.

The NPPF establishes in paragraph 47 that Councils should meet the full objectively assess needs for housing in the Housing Market Area and it is evident that Wealden's Local Plan has not achieved this key aspect of national policy. Even if a more discrete "functional" HMA is considered appropriate this would still need to include Eastbourne and the needs of this smaller HMA should have been assessed and plans prepared to meet needs in full.

*Should the recently published 2016-based household projections be taken into account in setting the OAHN? If so, what would be the consequence?*

The Government have raised concerns regarding the impact of the 2016-based household projections. The first concern relates to the wider objectives of the Government with regard to boosting housing supply. The Government clearly consider the 2016-projections to be at odds with their aspirations and for this reason have chosen, in the short term, to require the use of the 2014-based projections when using the standard method. The Government clearly set out within the Technical Consultation that was published last year why they consider the latest projections are not a justification for lower housing needs and state in paragraph 27 that the latest projections would not support the Government's objectives of significantly boosting the supply of homes. So, whilst the technical consultation was undertaken with regard to the standard method the Government are clear that the level of growth suggested in the latest projections do not achieve the boost to housing supply that is required by paragraph 47 of the NPPF.

Secondly, the Government's Technical consultation highlighted their concern that the level of household growth established in the 2016-based projections will continue the trend of lower household formation rates and larger household sizes. The consultation also highlights comments from ONS on this matter. They are quoted as stating that the household projections:

*“... do not take account of how many people may want to form new households but for whatever reason aren't able to, such as young adults wanting to move out of their parents' house, or people wanting to live on their own instead of in a house share. Therefore, household projections are not a measure of how many houses would need to be built to meet housing demand; they show what would happen if past trends in actual household formation continue”.*

ONS go on to state that

*“although the latest household projections are lower than the previously published projections, this does not directly mean that fewer houses are needed in the future than thought. This is because the projections are based on recent actual numbers of households and are not adjusted to take account of where homes have been needed in recent years but have not been available”*

On the basis of these concerns the Government confirmed earlier this year that when applying the standard method LPAs will continue to use the 2014-based household projections. The HBF has supported this decision recognising that the Government's ambitions to boost housing supply and improve affordability would be severely limited by the application of the 2016-based projections. However, given that this plan is being examined under the transitional arrangements we recognise that PPG states that consideration must be given to the most up to date evidence available. The table below sets out the expected household growth for both datasets over the Council's proposed plan period.

	<b>2014-based household projection</b>	<b>2016-based household projections</b>	<b>Difference</b>
<b>Total growth 2013 to 2028</b>	13,377	12,725	652
<b>Annualised growth 2013 to 2028</b>	892	848	48

Over the plan period the difference between the two datasets is broadly similar with an annual difference of 48 households each year.

However, this difference is completely removed when the household representative rates (HRR) used in the 2014-based household projections are applied to the 2016-based sub national population projections. This results in an annualised household growth for the 2016 to 2026 period of 896 dwellings per annum. Given the concern raised by Government in their technical consultation and the similarity between the two projections when the same HRRs are used we do not consider there to have been a sufficiently material change to warrant the use of the latest data on household growth.

This is a slightly different position to our representation in order to reflect the concerns raised by Government in its technical consultation published following the publication of the 2016-based projections.

*Is the OAHN figure of 950 dwellings per annum, robust and justified? Does it take into account appropriate market signals, household size and household formation, forecast jobs growth and the need for adequate levels of affordable housing to be provided?*

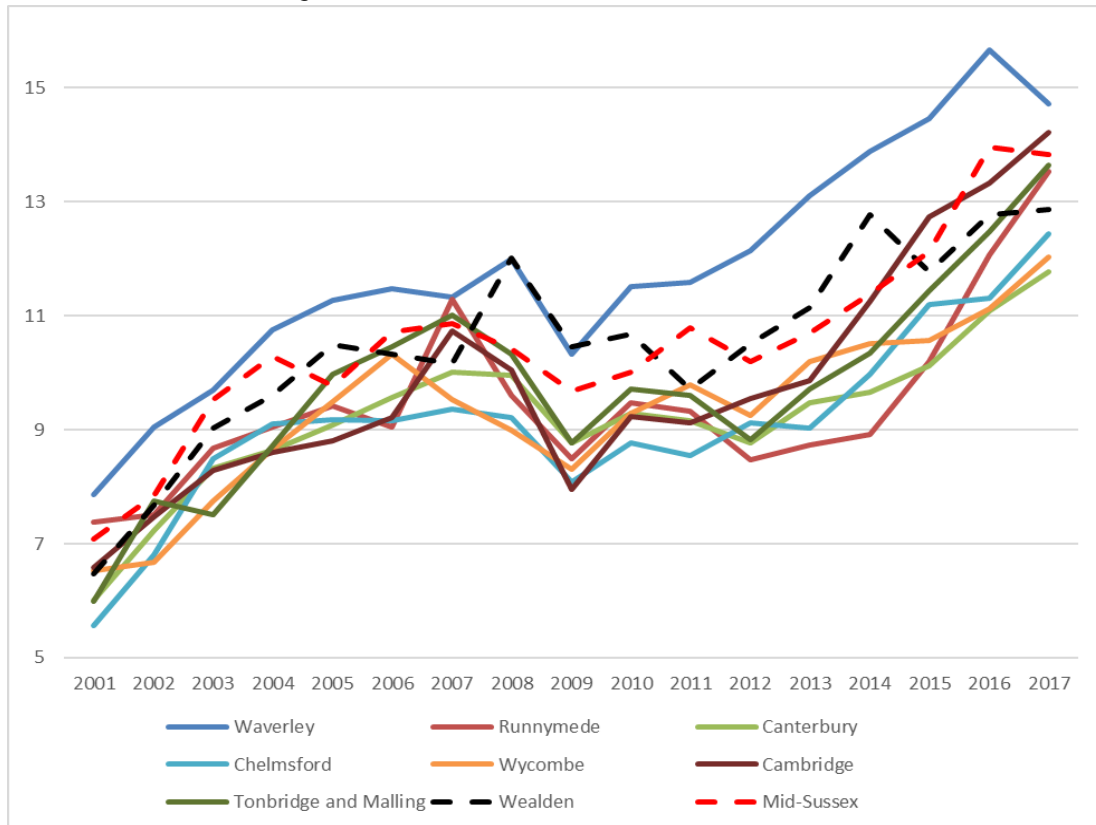
Firstly, it is not clear what method has been used by the Council to arrive at an OAHN of 950 dpa. The Council appear to have considered all possible approaches and arrived at one that best fits their expectations and discarded those it considers to be outliers. Such an approach is not consistent with national policy which through PPG sets guidance as to the approach to be taken in assessing housing needs. The Council must state the specific method it considers to be appropriate in order to ensure that any debate at the EIP is focussed on the actual method used in assessing needs and whether or not it is sound.

The method that comes closest to the Council's chosen OAN of 950 dwellings per annum (dpa) is the LPEG method using the long-term migration period. This method results in an OAHN of 946 dpa. However, we would, as set out our representations, fundamentally disagree with this approach that sees the demographic starting point of the OAN reduced to 619 dpa and we do not consider there to be any justification for this lower demographic starting point. In addition, the Council has seemingly dismissed the LPEG methodology (paragraph 4.2.15 of the Housing Background Paper (A30)) and raises the question why this lower figure continues to form part of the Council assessment of housing needs.

#### *Market signals*

Again, without a definitive statement from the Council with regard to its preferred method with regard to market signals it is difficult to assess whether the approach taken is sound. It would appear that the Council consider it necessary to apply an uplift in response to market signals. However, the Council have set out methods that use both a 10% uplift and a 25% uplift and it must be clear as to the approach it has taken. In our representations we supported the application of a 25% uplift to market signals as suggested in the LPEG methodology that was considered by the Council. We continue to consider this level to be the most appropriate approach to market signals given the worsening position with regard to affordability in Wealden and the wider HMA as whole. For example, the lower quartile income to house price affordability ratio is 12.86, significantly higher the 10.63 ratio for the South East as a whole. As can be seen in figure 1 below Wealden is facing similar market pressures to other authorities where an uplift of 20% or more has been applied.

Figure 1: Lower Quartile hose price to income ratios for authorities proposing a 20% uplift to take account of market signals



#### Household formation and household size

It is not clear as to whether the Council accept that such an adjustment is required and if so, how it should be applied. For example, the demographic starting point has been adjusted to take account of suppressed household formation in the application of the LPEG method but not in the 10% uplift for market signals. They have also been used as a proxy for market signals leading to an uplift of 6% to the 913 dpa demographic starting point. Paragraph 2a-015029140306 of PPG requires the demographic starting point to take into account whether there has been a past suppression in household formation resulting from under delivery in previous years stating:

*“The household projection-based estimate of housing need may require adjustment to reflect factors affecting local demography and household formation rates which are not captured in past trends. For example, formation rates may have been suppressed historically by under-supply and worsening affordability of housing.”*

Therefore, if any adjustment is made to take account of household suppression it must be made to the demographic starting point and not used as a proxy for a market signals uplift.

### *Affordable housing*

Paragraph 2a-029-20140306 of PPG states that “An increase in the total housing figures included in the local plan should be considered where it could help deliver the required number of affordable homes”. In paragraph 4.3.3 of the Housing Background Paper the Council suggest in its conclusion on housing needs that an OAHN of 950 dpa could mean that the need for affordable housing is addressed based on delivering 332 homes per annum (35% of its OAHN) through the Council’s affordable housing policy. However, this statement would appear to ignore the fact that not all residential development will deliver affordable housing which applies only to sites of 11 or more, in line with national policy. As such an OAHN of 1,119 is more likely to ensure the Council is closer to meeting its affordable housing to meet needs and as such supports the higher uplift for market signals that we are proposing.

#### *Has an allowance been made for vacancy rates and second homes with reference to existing and future housing stock?*

The Council have included a 2.4% adjustment to the level of household growth over the plan period to take account of vacant properties and second homes. We would support this adjustment.

#### *Is the level of housing planned appropriate? Should it be increased or decreased? If so, to what level and on what basis?*

The Council dismisses in paragraph 4.3.2 housing needs of 1,233 dpa as being an outlier to the other assessments of OAN set out in the SHMA and that it is higher than what would be expected using the standard method. This statement is incorrect. Using the 2014-based projections and applying the 2018 affordable ratios results in a local housing need for Wealden of 1,236 dpa. In reality the higher figure is not an outlier but a level of growth that the Government would expect to see in Wealden.

We do not consider the OAHN arrived at by the Council to be sound and underestimates the level of housing need in Wealden. The approach we consider to be sound is:

- Household growth 892 (2014-based projections)
- Adjustment for vacant and second homes 2.4% (21)
- Market signals adjustment 25% (228)
- OAN 1,141 dpa

This approach would represent the necessary boost to housing supply required by paragraph 47 of the NPPF and is consistent with the methodology for assessing housing needs as set out in PPG. In addition, the Council should include any unmet needs arising from Eastbourne within WDC’s housing requirement.

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