

**HART LOCAL PLAN STRATEGY AND SITES 2016-32 EXAMINATION**  
**HEARING STATEMENT - MATTER 3 HOUSING**  
**OBJECTIVELY ASSESSED NEED & HOUSING REQUIREMENT**

On behalf of:  
**Wilbur Developments Ltd**

**Respondent ID: 124**

Date:  
**October 2018**

Reference:  
**LR/06014/LP Examination Matter 3**



## 1.0 Introduction

- 1.1 This statement is prepared on behalf of Wilbur Developments Ltd in relation to **Matter 3 - Housing: The Objectively Assessed Need for Housing and the Housing Requirement** and provides their response to the **Questions 3.1, 3.2, 3.3** and **3.5** raised by the Inspector:

## 2.0 Response to the Inspector's Questions

### **Question 3.1: Having regard to the transitional arrangements contained in the NPPF, 2018 is the use of the standard methodology for calculating housing need justified?**

- 2.1 Having regard to the transitional arrangements contained in the NPPF 2018, Wilbur Developments Ltd believe that Hart District Council's (HDC) use of the standard methodology to calculate housing need is contrary to national policy and is not justified.
- 2.2 Paragraph 214 of the NPPF 2018 provides that "*The policies in the previous Framework will apply for the purpose of examining plans, where those plans are submitted on or before 24 January 2019. Where such plans are withdrawn or otherwise do not proceed to become part of the development plan, the policies contained in this Framework will apply to any subsequent plan produced for the area concerned.*" The Hart District Local Plan 2011-2032 was submitted on 18<sup>th</sup> June 2018, and therefore it is the policies in the NPPF 2012, not the policies in NPPF 2018, which should be used to assess it. It is plainly not possible for HDC to argue to the contrary and remain in conformity with the NPPF 2018.
- 2.3 The fact that policy tests to be applied are to be found in NPPF 2012 is accepted by HDC at paragraph 3.29 of its Housing Topic Paper<sup>1</sup> and at paragraph 4.2 of the same document yet they conclude that "*The standard method is referred to in the new NPPF and is established in Planning Practice Guidance. It is thus reasonable to conclude that it is a sound method for calculating the minimum annual local need figure*". It cannot be reasonable to adopt a method contrary to the express terms of national guidance.
- 2.4 Given the clear terms of the transitional arrangements, the housing requirement must be based on the approach provided in paragraph 47 of NPPF 2012, and the methodology identified in the accompanying PPG - the PPG clarifies that the previous guidance is also to be applied during the transitional arrangements. This makes it clear that the housing requirement should be derived from the identification of an objectively assessed housing need (OAN) for the area, with case-law<sup>2</sup> having confirmed the identification of OAN as a necessary first step under paragraph 47. Accordingly, it is plain that the

<sup>1</sup> Topic Paper: Housing Numbers and Spatial Strategy (TOP 1), August 2018

<sup>2</sup> Hunston Properties Ltd v Secretary of State for Communities [2013] EWCA Civ 1610 and Solihull Metropolitan Borough Council v Gallagher Estates Limited [2014] EWCA Civ 1610

standard method for identifying 'local housing need', introduced by Paragraph 60 of NPPF 2018, is not applicable in this case.

- 2.5 HDC provide their justification for using the standard methodology at paragraphs 2.6-2.10 of the Housing Topic Paper. This is based on the fact that (a) the 'Planning for the right homes in the right places' consultation had indicated that the standard method would be applied to plans, unless they were submitted for examination on or before 31 March 2018 or before the revised Framework is published (whichever is later); and (b) because the plan was expected to be submitted after the publication of the revised NPPF it was appropriate to apply the standard method. HDC's position however ignores that (a) the Plan was submitted before the publication of the revised framework, so even under the transitional provisions mooted in the Government's consultation, the existing approach to calculating the housing requirement ought to have applied; and, crucially, (b) that paragraph 214 of the NPPF 2018 establishes unequivocally that it is Government policy that the policies of the NPPF 2012 should apply to all plans submitted before the 24<sup>th</sup> January 2019.
- 2.6 HDC take comfort at paragraph 4.4 of their Housing Topic Paper that the proposed housing requirement of 388dpa (uplifted from a standard method figure of 292dpa) is approximately the same as the OAN identified for Hart in the 2016 SHMA<sup>3</sup> (382dpa) and Hart's figure under the standard method is likely to decrease once the new household projections are published<sup>4</sup>.
- 2.7 However, this position (a) fails to acknowledge that for the reasons set out under Question 3.3 below, the housing requirement does not take adequate account of local housing needs, particularly for affordable housing; and (b) contrary to HDC's expectations the new household projections have not resulted in a reduction in the figure derived from the standard method and the methodology itself is liable to change. Indeed, with reference to the outputs of HOU8<sup>5</sup>, paragraph 4.3 of the Housing Topic Paper expresses the view that the figure under the standard method will reduce from 292 to somewhere between 279 and 287dpa once the new household projections are published in September 2018. However, applying the standard method to the new household projections actually results in a slight increase to 296dpa<sup>6</sup>.
- 2.8 In any event, it remains the Government's stated objective for 300,000 new homes to be built per annum to improve relative housing affordability. In order to ensure the standard method achieves this and significantly boosts the supply of new homes as sought by paragraph 59 of the NPPF 2018, the Government is proposing to consult on changes to the methodology later this year. Accordingly, it would

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<sup>3</sup> Hart, Rushmoor & Surrey Heath Strategic Housing Market Assessment (HOU 1), November 2016

<sup>4</sup> Paragraph 4.3, Topic Paper: Housing Numbers and Spatial Strategy (TOP 1), August 2018

<sup>5</sup> 2016-based Subnational Population Projections and Housing Need Using the 'Standard Method' June 2018 (HOU 8)

<sup>6</sup> Household growth:  $(37,573 - 39,689) / 10 = 211.6$  households per year.  $211.6 \times 1.4$  (capped affordability uplift) = 296.24 (rounded to 296)

be wrong to place any weight either on these projections or the current standard methodology, which is set to change.

- 2.9 HDC's use of the standard methodology to calculate housing need is contrary to the transitional arrangements and is not therefore justified. The fact that the methodology is soon liable to change serves only to add further support against its use and shows HDC to have effectively 'cherry picked' policies from the revised NPPF to suit their objectives.

**Question 3.2: Does the use of the standard methodology fulfil the requirements of the first bullet point of paragraph 47 of the NPPF, 2012?**

- 2.10 Paragraph 47 requires a housing requirement to be derived from the identification of an objectively assessed housing need (OAN) for the area, this being the needs for both market and affordable housing in the Market Area. This is expected to evolve from the production of a Strategic Housing Market Assessment (SHMA), the purpose of which is to develop an up to date evidence base to inform development plan documents and strategies (paragraph 159, NPPF 2012).
- 2.11 The standard methodology is a 'blunt instrument' that provides an indication of quantity but makes little in the way of qualitative adjustment for market signals or other locational specific issues. The methodology generates only a *minimum "starting point in determining the number of homes needed in an area"* from which it may well be appropriate to apply an uplift (see paragraph 60, NPPF 2018 and paragraph: 010 Reference ID: 2a-010-20180913, Planning Practice Guidance). Therefore, use of the standard methodology either on its own or without full assessment of all factors affecting housing need in a district cannot therefore meet the requirements of paragraph 47. The Housing Topic Paper tells us that HDC have made adjustments to the standard methodology figure, namely the removal of the cap and the addition of a 25% uplift. However, for the reasons set out in relation to Question 3.3 below, these are measures to prepare for unforeseen circumstances; they are not measures that quantify and make appropriate provision for identified needs, particularly affordable housing. Wilbur Developments Ltd do not therefore consider that HDC has made full use of its evidence base to ensure that its Local Plan meets the full, objectively assessed needs for market and affordable housing as required by paragraph 47 of the NPPF 2012.

**Question 3.3: Is uplifting the housing requirement by some 33% above that calculated by the standard methodology to 388 dwellings per annum justified? What evidence are the uplifts based upon?**

- 2.12 While the inclusion of an uplift from the standard methodology to cater for factors such as non-delivery of sites and changes in numerical inputs (household growth and local affordability issues) is welcomed, the inclusion of an arbitrary uplift is no substitute for a housing requirement that has evolved from a

robust assessment of need, taking into account market signals, jobs growth and, in particular, affordable housing need. The uplift proposed is purely a general reserve pot expected to provide for any unforeseen circumstance; it represents a 'best guess' at this time and is not based upon robust evidence.

- 2.13 Any uplift to 'future proof' the Plan should be applied only once the full extent of housing need has been identified and provided for. The Plan's use of the standard methodology figure as a housing requirement rather than as a starting point for assessment, means that as drafted it fails to make adequate provision for local needs.
- 2.14 Key failings are the absence of any provision to cater for market signals and measures to boost the supply of affordable housing. In respect of the former, the OAN identified by the 2016 SHMA took account of market signals and economic growth, key components of need. The draft Plan makes no mention of these and essentially leaves such matters to be 'mopped up' by the removal of the cap and uplift. What's more surprising though in the context of the District's significant affordable housing need is the minimal provision made for boosting affordable delivery, this being limited to anything the uplift provides.
- 2.15 The limited provision made to boost affordable housing is brought into sharp focus when one considers the strategy proposed by the Regulation 18 Plan, its approach being informed by the Affordable Housing Background Paper (March 2017)(AHBP), which proposed a housing requirement of 485dpa driven, not by OAN (382dpa), but by a 'policy-on' decision in an attempt to address some of the unmet affordable housing need in the area.
- 2.16 The 2016 SHMA identifies a 'policy-off' objectively assessed need of 382dpa and whilst the market signals uplift had regard to *inter alia* the degree of affordable housing need in the area, as the AHBP explains, "*this uplift was made on the basis of a narrow consideration of the impacts relating to the overall calculation of affordable housing*" (paragraph 2, page 1). The 2016 SHMA specifically left "policy on" considerations, including whether there should be any increase to meet affordable housing needs, to the individual councils. This mantle was taken up in the AHBP, the purpose of which is to "*recommend how the Local Plan's housing requirement could and should recognise the need for affordable housing.*" (paragraph 2.7, page 11)
- 2.17 The AHBP identifies a shortfall in HDC of 306 affordable homes every year until 2032 (Table 2.2, page 12). As the AHBP indicates a housing requirement set at a level of 382dpa, would generate approximately 153 affordable homes per annum<sup>7</sup> (Table 6.1, page 52). In other words, achieving the OAN figure alone would do little, if anything, to address the unmet affordable housing needs in the area. In the context of

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<sup>7</sup> Based on a policy requirement that 40% of homes be affordable

this and the advice in the PPG, HDC sought to uplift the housing figures to deliver more affordable housing<sup>8</sup>.

- 2.18 Having identified a number of different potential scenarios, and tested reasonable alternatives<sup>9</sup>, the AHBP concludes that *"the draft Hart District Local Plan 2011-2032 should plan for the delivery of more new housing than Hart's overall OAHN (2014-2032). This is to enable the delivery of a greater proportion of the identified affordable housing need, and in particular the need for subsidised rented housing. The most appropriate scenario in terms of local and national policy drivers would involve the development of 485 new homes each year (2014-2032).....(emphasis added)"* (Paragraph 6.6). At 485dpa, based on a 40% affordable housing requirement, the Plan would deliver 194dpa i.e. 63% of affordable need (Table 6.1, page 52). This is said by the AHBP to have *"positive social and economic effects"* as well as enabling *"the Council to meet in full the estimated need for subsidised rented housing, which is particularly relevant given the local policy drivers established by HDC's housing strategies"* (paragraph 5, page 2).
- 2.19 In arriving at the housing requirement figure of 388dpa in the Housing Topic Paper, HDC have jettisoned the recommendations of the AHBP, and with it the expectations of paragraph 50 of NPPF 2012 which are central to the government's vision for sustainable, inclusive and mixed communities. A housing requirement figure of 388dpa which based on a 40% policy requirement, would provide approximately 155 affordable homes per year, which is 51% of the affordable need. Not only is this a substantial reduction in the delivery of affordable housing from that previously proposed, but when one allows for the fact that the key allocation in the Plan – that for 1,500 dwellings at Hartland Village – will deliver only 20% affordable housing<sup>10</sup> (half the proposed policy requirement), it is clear that the Plan proposes to deliver even less affordable housing. This is a serious deficiency in the Plan which renders it unsound.
- 2.20 Neither the Plan nor the Housing Topic Paper provide any justification for departing from the clear, evidence-based recommendation in the AHBP to set the housing requirement at 485dpa in order to address some of the affordable housing need in the area. Although, the Housing Topic Paper recognises that there is a *"large need for affordable housing"* and says that the 25% uplift would help address this, this 'token gesture', ignores entirely that, even with the uplift of 25% (which gives the figure of 388dpa) the Plan's ability to meet affordable housing needs is considerably worse than the Regulation 18 version which sought to follow the recommendations of the AHBP.
- 2.21 The reduction in the housing requirement from the Regulation 18 version of the plan is driven, not by a change in OAHN, but by an unjustified decision to remove the "policy on" uplift to help address unmet

<sup>8</sup> Paragraph 029, Housing & Economic Development Needs Assessments, Reference ID: 2a-029-20140306, Planning Practice Guidance which provided *"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."* The same guidance is found in the current PPG, see Reference ID: 2a-027-20180913

<sup>9</sup> The 'reasonable alternative' figures tested were 382dpa (ie OAN), 485dpa and 750dpa (ie the figure needed to fully address the affordable housing shortfall)

<sup>10</sup> Planning Permission Reference: 17/00471/OUT

affordable housing needs in the area. It follows that the Plan is unsound in at least two respects: first, by failing to implement the conclusions of the AHBP - which is identified as the most appropriate strategy, when considered against the reasonable alternatives – the plan is **not justified**. Second, by failing to provide adequately for those in need of affordable housing, the plan is **inconsistent with national policy** and **not positively prepared**.

**Question 3.5: If the use of the standard methodology for calculating housing need was considered to be inappropriate, is the objectively assessed need figure of 382 dwellings per annum set out within the Strategic Housing Market Assessment (SHMA) robust?**

2.22 Wilbur Developments Ltd is content that the 2016 SHMA is robust and should be used as the starting point for devising the housing requirement, albeit requiring an uplift for affordable housing needs in accordance with the AHBP.

### **3.0 Proposed Changes**

3.1 In order that the Plan makes adequate provision to meet identified housing needs during the plan period the housing requirement should be increased from 6,208 dwellings (388dpa) to a minimum of 7,760 (485dpa). This figure is generated by multiplying the 485dpa figure set by the Regulation 18 Plan (based on the AHBP) by the 16 year plan period. In order to for the Plan to be found sound Policy SS1 should be amended to reflect this higher minimum housing requirement.

3.2 There is no evidence why the housing supply cannot be increased to meet a higher requirement in order to provide the need for flexibility and to make a greater contribution towards meeting the Council's shortfall in affordable housing. Indeed, as the AHBP concludes at paragraph 6.7 the delivery of 485 new homes each year *"are likely to result in significant positive effects for providing all residents with the opportunity to live in a decent home, and for ensuring economic resilience"*, that *"these benefits would likely outweigh the positive additional negative effects on the environment"*, and the potential for additional impacts on land use planning policy and housing development in other areas has been assessed as acceptable (paragraphs 6.7 & 5.25). The absence of constraint and the benefits associated with the higher requirement were evidenced by the fact that the suggested increase would be consistent with that proposed by the Council in their Regulation 18 Plan. As the list of sites considered as part of the Sustainability Appraisal shows, there is no shortage of available and suitable land capable of delivering development in a sustainable manner, not least Wilbur Developments Ltd's land West of Hook.