

**HART DISTRICT LOCAL PLAN EXAMINATION:
MATTER 3 STATEMENT: HOUSING – THE OBJECTIVELY ASSESSED
NEED FOR HOUSING AND THE HOUSING REQUIREMENT**

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October 2018

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MATTER 3: HOUSING – THE OBJECTIVELY ASSESSED NEED FOR HOUSING AND THE HOUSING REQUIREMENT**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?**

3.1.1 No; although the Standard Method (SM) was adopted in the revised National Planning Policy Framework (NPPF, 24 July 2018), paragraph 212 ('Implementation') states *"The policies in this Framework are material considerations which should be taken into account in dealing with applications from the day of its publication."* This refers to applications only.

3.1.2 Paragraph 214 refers to implementation of the revised NPPF specifically in respect of the examination of Plans. Paragraph 214 states *"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.**"*

3.1.3 Hart District Council (HDC) has recently acknowledged this, as evidenced by the minutes of their Council meeting on 27 September 2018. At the Council meeting, Councillors confirmed the following when questioned about the impact of the recent (20 September 2018) 2016-based ONS household projections; *"under the new NPPF transitional arrangements (para 214) we are primarily being examined under the old NPPF 2012 rules which in effect means that we are being examined under the 2016 Hart/Rushmoor/Surrey Heath SHMA (Strategic Housing Market Area Assessment) and **not** the Government's new standard methodology."* In respect of whether the 2016-based household projections would affect housing need in HDC, Councillors went on to confirm *"Taking the SHMA into account the new 2016 population figures, when considering employment uplifts (as recognised in the recent Rushmoor Local Plan examination) our objectively assessed housing need of 388 dwellings/annum is not materially changed."*¹

3.2 Does the use of the standard methodology fulfil the requirements of the first bullet point of Paragraph 47 of the NPPF, 2012?

3.2.1 Following on from our response to question 3.1, Barton Willmore consider the SM should not be used in assessing housing need for the purposes of the Hart Local Plan. The SM would not fulfil the requirements of the first bullet of paragraph 47 which states that local planning authorities

¹ Page CL31, Hart District Council Committee Meeting, 27 September 2018

should “use their evidence base to ensure that their Local Plan meets the **full, objectively assessed needs** for market and affordable housing in the housing market area.” The SM does not provide ‘full, objectively assessed needs’ as required by paragraph 47 of the 2012 NPPF. In contrast SM arrives at a minimum, not full need, thus SM minimum need (stated as 292 dpa in the Plan) does not meet paragraph 47’s requirement for a full OAN (economically-driven OAN of 382 dpa as set out in HOU1a/b).

- 3.2.2 To understand what is meant by OAN under paragraph 47 of the 2012 NPPF, the ‘Housing and Economic Development Needs Assessment (HEDNA) section (ID2a) of the 2014 Planning Practice Guidance (PPG) should be referred to.
- 3.2.3 Paragraph ID2a-015 of the HEDNA states “Household projections published by the Department for Communities and Local Government should provide the **starting point estimate** of overall housing need.” Although similar to the first step of the SM calculation (national household projections), paragraph ID2a-017 of the HEDNA allows scrutiny of the household projections and their underlying population projections, and for alternatives to be considered. The SM does not allow for these demographic adjustments and the starting point is fixed.
- 3.2.4 Paragraph ID2a-018 of the HEDNA is entitled ‘How should employment trends be taken into account?’ and explains how the OAN should support economic growth. The SM entirely omits the economic element of OAN from its calculation.
- 3.2.5 The SM is also considered to be a constrained calculation, being ‘capped’ at either 40% higher than the ONS household projection for the local authority, or 40% above the adopted Plan. What the 40% applies to (household projection or plan number) is dependent on the status of the Local Plan.² The PPG HEDNA is clear that the OAN should be an unconstrained assessment.³
- 3.2.6 Finally, as we have identified in our response to question 3.1, paragraph 47 requires OAN to be determined for the Housing Market Area (HMA). The SM does not do this. HOU1a/b provides OAN for the HMA (Hart, Surrey Heath, and Rushmoor), and the figure set out therein was submitted in the examination of the Rushmoor Local Plan (May 2018). This figure remains unchanged following examination hearings in Rushmoor and consultation of main modifications.

² Paragraph 2a-004, Housing Need Assessment, Planning Practice Guidance, 13 September 2018

³ Paragraph 2a-004, PPG HEDNA, March 2014

3.2.7 For the reasons set out above the SM cannot be considered to fulfil the requirements of the first bullet point of Paragraph 47 of the NPPF, 2012.

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?

3.3.1 As we have already set out above in our responses to questions 3.1 and 3.2, the SM should not be used for the purposes of establishing housing need in HDC.

3.4 Does or should the housing requirement formally include any unmet need from Surrey Heath?

3.4.1 No; the housing requirement set out in the HDC LP does not incorporate any unmet need from Surrey Heath Council (SHC). This should be considered in the context of the *“Statement of Common Ground On matters relating to housing delivery, employment land and the Thames Basin Heaths Special Protection Area”* agreed by HDC, SHC, and Rushmoor Borough Council (RBC) in January 2018. HDC, SHC, and RBC represent the Housing Market Area (HMA) for which HOU1a/b determines OAN. In the aforementioned Statement of Common Ground, SHC indicated that *“despite best endeavours, there is the potential for unmet housing need due to the extent of constraints within the Borough.”* The indication is therefore that there is a strong possibility of unmet need from SHC.

3.4.2 RBC are currently consulting on the main modifications to their Local Plan, following examination in May 2018. The RBC Local Plan does not incorporate any allowance for unmet need from SHC, leaving HDC as the only local authority within the HMA that can help to meet any unmet need.

3.4.3 However it remains unclear what the level of unmet need in SHC may be, and the SHC Local Plan remains at an early stage of the Plan process. In this context it is not considered that an allowance for unmet need from SHC should be included in the HDC Local Plan housing requirement as no firm conclusion can be made as to what the unmet need may be.

3.4.4 Within its Local Plan, HDC has reflected this uncertainty and not included a specific figure in the housing requirement for unmet need. Instead HDC has taken the proactive approach of including an area of search to provide flexibility in its own housing supply, both to meet longer term needs

arising local needs and within the HMA. Supply is therefore considered to represent the mechanism by which any future unmet need from SHC can be addressed in HDC.

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?

- 3.5.1 The OAN required by the 2012 NPPF is the method by which HDC's Local Plan housing need should be assessed, for the reasons set out in our responses to the previous questions in this statement. The methodology for determining the OAN is set out in the 'Housing and Economic Development Needs Assessment' (HEDNA) section of the 2012 NPPF's supporting Planning Practice Guidance (PPG).
- 3.5.2 HOU1a/b in HDC's evidence base follows the 2012 NPPF and supporting PPG in determining OAN. The OAN is calculated as being 1,200 dpa across the HMA, with 382 representing the OAN for HDC. This figure incorporates the stages of assessment required by the PPG HEDNA and the final OAN is based on meeting employment trends.
- 3.5.3 It is noted how the authors of HOU1a/b produced a brief update to HOU1a/b (December 2017, HOU2a) which sought to answer the question *'is the OAN set out in the HRSR SHMA 2016 still appropriate, or does it need to be updated in any significant way?'*. In short, although HOU2a concludes that the employment growth assumed in HOU1a *could* be an overestimate, it does not recommend an update to the OAN set out in HOU1a/b.
- 3.5.4 In concluding, HOU2a states that *"In Wessex Economics' opinion lower levels of job growth do not provide a basis for reducing OAN. This is because the scale of the affordability challenge is so substantial, that the reduced pressure to plan for homes to provide housing for additional workers, will enable an enhanced contribution to addressing the adverse market signals in the HRSR area."*⁴
- 3.5.5 Furthermore the comments of the Council in their meeting of 27 September 2018 post-date the production of HOU2a and confirm the Council's position that the OAN in HOU1a/1b should be used for the purposes of the HDC Local Plan.

⁴ Paragraph 31, page 6, HOU2a

- 3.3.6 We note how HOU1a concludes on OAN being slightly lower (382 dwellings per annum – dpa)⁵ than the Plan target (388 dpa)⁶ and over different time periods (HOU1a; 2014-2032, and the HLP, 2016-2032). However the annual delivery figures are comparable and the OAN of 382 dpa should be regarded as the OAN for HDC.
- 3.3.7 HOU1a arrive at the OAN of 382 dpa for HDC by apportioning the HMA-wide OAN calculated as being required to support employment trends. This complies with paragraph ID2a-018 of the HEDNA PPG which states that *“Plan makers should make an assessment of the likely change in job numbers based on **past trends and/or economic forecasts**”*.
- 3.3.8 The OAN determined for the wider HMA on this basis is 1,200 dpa and is apportioned for the three authorities of the HMA based on their demographic profile. This HMA-wide figure was determined by following the PPG HEDNA supporting the 2012 NPPF. The OAN for the three local authorities and the HMA as a whole is set out below and is based on a ‘mid-point’ of a range calculated for economic-led OAN.

Table 1: Objective Assessment of Housing Need – HOU1a/b (dwellings per annum)

Step		Hart	Rushmoor	Surrey Heath	HMA
1	Demographic start point	254	280	251	785
2	Market Signals uplift	292	322	289	903
3	Concealed Households*				985
4	Employment Trends	361 – 399	412 – 456	361 – 399	1,135 – 1,254
5	FULL OAN	382	436	382	1,200

Source: HOU1a/b

*It is unclear from HOU1a/b how this is apportioned

- 3.3.9 Although the demographic starting point set out in Table 1 has now changed due to the 2016-based household projections, this does not affect the conclusion of HOU1a which is based on anticipated employment trends. This was acknowledged by the Council in the response set out above in 3.1.
- 3.3.10 In reaching the number of jobs on which to base the OAN, HOU1a considers a range of possible job growth figures based on forecasts and recorded past trends from the three leading forecasting houses (Oxford Economics, Experian Economics, and Cambridge Econometrics). This analysis

⁵ Page 8, HOU1a

⁶ Policy SS1 Spatial Strategy and Distribution of Growth, Hart Local Plan Strategy and Sites 2016-2032 Proposed Submission Version

results in a minimum of 900 jpa and a maximum of 1,500 jpa across the HMA. The authors subsequently concluded that 1,200 jpa represented *“the mid-point of the wide range of forecasts of job growth and of trend analyses conducted using different data sets assembled by forecasters from official statistics.”*⁷

3.3.11 Barton Willmore consider this conclusion to be reasonable, and the use of data from three forecasting houses (rather than a single forecasting house) to be robust. The job figure concluded on represents a mid-point as the SHMA states, and in the context of forecasts being susceptible to fluctuation, is considered a sensible approach.

3.3.12 Barton Willmore therefore consider the HMA-wide OAN (1,200 dpa) and subsequent apportionment to HDC (382 dpa) to be robust. This has been reinforced by the OAN of HOU1a/b being considered in the Rushmoor Local Plan Examination, the main modifications for which have not altered the OAN from that set out in HOU1a/b (436 dpa).

⁷ Page 188, HOU1a