

Home Builders Federation

ID: 157

Matter 3

HART LOCAL PLAN EXAMINATION

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?

No. The Government are clear that during the stated transitional period local plans should be assessed against the 2012 NPPF and its supporting guidance. The approach taken to assessing housing needs using the standard methodology would not conform with that in PPG and raises questions as to its soundness as the starting point for the Council's assessment of housing needs. It is also important to avoid policies being cherry picked from the different policy frameworks. Paragraph 3 of the revised NPPF states that the "Framework should be read as whole" and as such it would be inappropriate to apply one policy from the revised NPPF but other policies from the 2012 version.

In setting their housing requirement the Council have also undertaken additional adjustments to the standard methodology. These adjustments, set out in appendix 2 of the Local Plan, removes the cap of 40% as well as including an additional 25% uplift to take account of changes to the methodology, changes in base data, improved flexibility and to boost the supply of affordable homes. These adjustments to the standard methodology form the basis of the Council housing requirement of 388 dpa.

We find the approach taken by the Council with regard to setting its housing requirement confusing given that it has prepared a Strategic Housing Market Assessment (SHMA) that concludes the Borough's housing needs as being 382 dpa. Even following a review of the SHMA in 2017 the consultants concluded that the number of homes being planned for across the HMA remained appropriate. As we set out in our representation this assessment of need is driven by the expected economic growth within the area which we consider represents a sound assessment of housing needs. PPG establishes the need to take account of economic growth in paragraph 2a-018-20140306 that:



“Plan makers should make an assessment of the likely change in job numbers based on past trends and/or economic forecasts as appropriate and also having regard to the growth of the working age population in the housing market area.”

This paragraph goes on to state:

“Where the supply of working age population that is economically active (labour force supply) is less than the projected job growth, this could result in unsustainable commuting patterns (depending on public transport accessibility or other sustainable options such as walking or cycling) and could reduce the resilience of local businesses. In such circumstances, plan makers will need to consider how the location of new housing or infrastructure development could help address these problems.”

It is therefore an essential part of any housing needs assessment consideration is given to the level of jobs growth expected during the plan period. The approach taken in the Council's SHMA assesses housing needs on this basis and identifies the necessity to plan for at least 382 homes in order to ensure sufficient jobs growth which will avoid unsustainable commuting patterns and support the resilience of local businesses. Given this assessment of housing needs we are surprised that the Council has decided to manufacture a process using the standard methodology to reach its housing requirement of 388 dwellings per annum. Therefore, whilst the approach taken in appendix 2 is not considered to be sound, had the Council chosen to base its housing requirement on the evidence in the 2016 SHMA we would have considered this sufficient to justify the proposed housing requirement in SS1.

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

The use of the standard methodology would not meet in full the objectively assessed needs for housing within the housing market area. The Council's assessment of housing needs is set out in their 2016 SHMA. As outlined above this establishes an economically driven housing needs assessment of 382 dpa. This is significantly above 292 dpa that would be required using the standard methodology and as such would mean housing needs not being met in full as required by the paragraph 47 of the NPPF. The adoption of the output from the standard methodology as the housing requirement would also lead to a significant shortfall in the delivery affordable housing against identified need.

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?

As set out above the approach taken by the Council is confusing considering the evidence available with regard to housing needs and the outcomes of the Council's

approach to setting its housing requirement in Appendix 2 of the Local Plan. What is clearly evident in the latest NPPF and PPG is that setting a housing requirement above the level of need identified through the standard method is appropriate and consistent with national policy. Paragraph 60 states that the standard method provides the “*minimum*” number of homes to be planned for, with PPG outlining in paragraph 2a-010-20180913 where a higher figures than the standard method might be considered. For example the first bullet point of this paragraph suggests that needs may be higher where growth strategies are in place and higher housing is needed to support that growth. In addition the same paragraph also sets out in the fourth bullet point that authorities should consider “*recent assessment of housing need, such as a Strategic Housing Market Assessment*”. Given that the Council’s SHMA sets out the need for a higher housing target based on expected jobs growth there is clearly justification to support a housing requirement some 33% above the standard methodology.

However, the Council’s approach in Appendix 2 appears to be based on a series of assumptions that whilst seeking to be positive in addressing key issues such as affordable housing does not appear to be based on the evidence prepared to support the Local Plan.

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

Since the Regulation 19 consultation Surrey Heath Borough Council (SHBC) have undertaken a consultation on the issues and options for their next local plan. SHBC’s position is set out in paragraph 16 of the Duty to Co-operate statement (CD9) and outlines that they consider it possible to deliver 306 dpa between 2016 and 2032. This paragraph also outlines that SHBC intend to use the standard methodology and this approach is supported by Hart. However, whether SHBC potential supply is sufficient to meet identified needs will depend on:

- the final approach adopted by the Government in relation to the standard methodology
- whether Surrey Heath seek to ensure housing needs meet the economic growth aspirations for the Borough and HMA

The uncertainty surrounding the standard methodology is recognised by both SHBC and Hart. Using the current methodology and the 2016 household projections we estimate that Surrey Heath would be required to plan for a minimum of 234 dpa. However, until the Government decides on the approach it takes in adjusting the standard methodology to ensure its meets its own targets there is uncertainty as to the final figure. In addition to amendments to the methodology the Government and ONS are also looking to publish projections that use a evidence on headship rates back to 1971 as opposed to the latest projections which use evidence to 2001. The most recent projections have far lower household formation rates for younger people and if this is not to become the new normal consideration may be given by Government to the use of alternative projections. Therefore, at present the Government’s position provides no certainty as to minimum level of need Surrey Heath should plan for and whether there will be any unmet needs arising from this Borough.

However, the SHMA establishes a higher level of need for the HMA that reflects the economic growth aspirations of Surrey Heath, Rushmoor and Hart. In order to continue to support these aspirations the SHMA outlines that housing delivery across the HMA must be at least 1,200 dpa. Indeed Surrey Heath BC will receive funding from the Enterprise M3 Local Enterprise Partnership (EM3LEP) for improvements to transport and public realm in Camberley and the Blackwater Valley to support the growth aspirations for this area. The EM3LEP's plans for the area can be found in the Strategic Economic Plan¹ which outlines the growth aspirations for this area and identifies Camberley, Aldershot and Farnborough (all located within the Council's HMA) as either step up towns or growth towns and which will be a focus for economic growth.

Without the level of delivery set out in the SHMA there may be insufficient population to support the expected growth in jobs across the HMA. Given that the latest PPG outlines in paragraph 2a-010-20180913 that housing requirements can be higher in order to support growth – especially where there is funding in place to promote and facilitate growth – it will be important that the housing requirements across the HMA, as established in the SHMA, are maintained. As outlined above PPG will require authorities to justify using the lower assessments of need proposed by the strategic policy maker where recent assessments of need, such as SHMA, suggest higher levels of need. Surrey Heath would fall within this category and we would suggest the evidence supports Surrey Heath using the higher target established in the SHMA.

Therefore whilst the Council states in paragraph 19 of CD9 that “*Based on the Government's indicative figures, the HMA as a whole is planning to comfortably exceed identified needs.*” it is important to remember that this is a the minimum level of need and that other considerations and evidence will need to be taken into account when arriving at a final housing requirement under the revised NPPF and PPG. We would suggest that the Hart Local Plan identifies in its local plan how many homes it will deliver to ensure that the unmet needs identified by Surrey Heath, as considered against the latest SHMA, are addressed during the plan period.

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?

As set out above we would consider the OAN of 382 homes identified in the SHMA to be a reasonable and robust assessment of housing need.

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¹ https://enterprisem3.org.uk/sites/default/files/LR%20SEP%20Designed%20final_1.pdf