

## EXMOOR LOCAL PLAN EXAMINATION MATTERS, ISSUES AND QUESTIONS

### Session 3: SECTION 6 (Achieving a Thriving Community)

#### **3.1 Are the housing policies in the Plan based on a sound objective assessment of housing need in the National Park and in the wider housing market area?**

No. Although the North Peninsula HMA is accepted as probably the “best fit” as an appropriate HMA it is not fully functional in the true sense of a HMA with areas remote from one another and therefore not considered appropriate locations for the re-distribution of unmet needs from one area to another, for example West Somerset’s proportion of OAHN within the National Park to North Devon & Torridge.

Prior to 2015 the calculation of OAHN was separately undertaken for the four authorities (West Somerset, North Devon, Torridge and Exmoor National Park) in the North Peninsula HMA. These separate assessments were undertaken by the same consultant using similar methodologies but over time divergences in approaches and assumptions have occurred which has resulted in some confusions. These confusions include :-

- The preference for the higher 10 year migration trend rather than the 5 year migration trend by West Somerset Council meaning there is no surplus in housing provision as thought by the other HMA authorities ;
- The reference to the conversion of household growth into numbers of houses by the application of vacancy rates and second homes allowances as adjustments for market signals by the HMA authorities. When in fact there are no actual adjustments for worsening market signals in particular acute affordability across the HMA. The Exmoor National Park OAHN is based on 2012 SNHP only. The West Somerset OAHN is based on demographic projections including 10 year migration adjustment plus an uplift for economic growth from Hinckley Point. The North Devon & Torridge OAHN is based on demographic projections plus 19% uplift to support economic growth which may as an unintended consequence also improve affordability as such uplifts are not necessarily mutually exclusive.

In 2015 two reports on demographic projections for the whole North Peninsula HMA were published. Firstly the North Peninsula HMA SHMA Up-Date Final Report January 2015 and secondly North Peninsula SHMAA Implications of 2012 based household projections Final Report December 2015. These reports provide the only joint assessments of housing needs for West

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Somerset, North Devon and Torridge District Councils including any administrative areas in the Exmoor National Park.

These reports represent an appropriate starting point for an OAHN for the HMA (NPPG ID 2a-015-20140306) but as these reports are just demographic projections they are not an OAHN for the HMA. The National Park authority's evidence is deficient because the assessment does not progress beyond this demographic starting point.

It is noted that some sensitivity testing of demographic projections was undertaken. However further sensitivity testing may be necessary on household formation rates. As suggested in the recently published report by the Local Plans Expert Group (LPEG) in its recommendations for a standard methodology for OAHN adjustments to HFR in younger age groups may be required (Flowchart Step B in Appendix 6).

There is also no adjustments for market signals despite evidence of unaffordability problems across the HMA. In the National Park it is acknowledged that house prices have increased and average house prices are 10 times average incomes (para 1.10). As set out in the NPPG an assessment of market signals (ID 2a-019-20140306 & 2a-020-20140306) are necessary in calculating OAHN. The NPPG confirms that worsening trends in market signals should be considered which may necessitate an upward adjustment above demographic projections (ID 2a-018-20140306 & 2a-019-20140306). The NPPG is explicit in stating that a worsening trend in any one of the market signal indicators will require an upward adjustment to planned housing numbers (ID : 2a-020-20140306). In comparison, for example, in the Eastleigh Local Plan Inspector's Preliminary Conclusions on Housing Need a 10% uplift was proposed as a cautious approach to modest pressures on market signals whilst the Uttlesford Local Plan Inspector's Conclusions found an overall increase of 10% was appropriate to achieve the objective of improving affordability. Similarly the LPEG report recommends up to 25% uplift dependant on house price and rental affordability ratios (text in Appendix 6).

Moreover there is a significant need for affordable housing in the HMA. As set out in the NPPG affordable housing need should be separately calculated (ID 2a-022-20140306) and then consideration given to an increase in housing if it helps to deliver affordable houses (ID 2a-029-20140306). It is known that other Local Plans have included significant uplifts to meet affordable housing needs for example in Canterbury there is an uplift of 30% (paragraphs 20, 25 & 26 Canterbury Local Plan Inspectors Note on main outcomes of Stage 1 Hearings dated 7 August 2015) and in Bath & North East Somerset there is an increase of 44% (paragraphs 77 & 78 BANES Core Strategy Final report 24 June 2014). The LPEG Report also recommends significant uplifts to meet in full OAHN for affordable housing (Flowchart Steps C & D in Appendix 6).

The North Peninsula HMA SHMA Up-Date Final Report identifies a range between 664 – 744 dwellings as the OAHN for Exmoor National Plan for the plan period 2011 – 2031. A preferred OAHN is set out as 685 dwellings.

The selection of a preferred OAHN at the lower end of the range is questionable. In comparison Inspectors examining the North Somerset and the Brighton & Hove Local Plans found that if a range is identified the most

appropriate figure to use is the upper end of the range. The North Somerset Local Plan Inspector concluded that *“the selection of the bottom end of the range was not in the spirit of positive planning and the national objective to boost significantly supply”* whilst the Brighton & Hove Local Plan Inspector confirmed *“the Framework’s requirement that a LPA should assess their full housing needs ... my view is that the Plan should indicate that the full OAHN is at the higher end of the range”*.

In conclusion the preferred OAHN figure of 685 dwellings for Exmoor National Park may be an under estimation because of the lack of adjustments for suppressed HFR in younger age groups, worsening market signals in particular affordability and significant affordable housing needs above the 2012 SNHP demographic starting point in the calculation of OAHN for the North peninsula HMA.

### **3.2 Will the Plan, together with other emerging local plans in the HMA, make adequate provision to meet market and affordable housing needs across the HMA? (HBF)**

No. The housing requirements set out in the emerging Local Plans in the North Peninsula HMA will not make adequate provision to meet market and affordable housing in full because these requirements are based on assessments that may have under estimated OAHN as explained in answer to Q3.1.

The Northern Peninsula Strategic Housing Market Area Assessment (SHMAA) Update published in January 2015 identifies an OAHN range of 664 – 744 dwellings for the National Park. The preferred overall figure is 685 dwellings. For the National Park area in North Devon the preferred OAHN figure is 205 dwellings comprising of housing needs for 131 affordable houses and 74 market houses. For the National Park area in West Somerset the preferred OAHN figure is 480 dwellings comprising of housing needs for 306 affordable houses and 174 market houses.

The Housing Topic Paper dated June 2015 sets out that under the Duty to Co-operate 205 dwellings will be provided in the housing requirement set out in the North Devon & Torridge Joint Local Plan to meet OAHN arising in the National Park in North Devon. These dwellings will be provided in North Devon but outside the National Park. Accordingly the pre submission North Devon & Torridge Joint Local Plan proposes a housing requirement of 17,220 dwellings including 205 dwellings to meet market and affordable housing needs from within the Exmoor National Park.

However the West Somerset Local Plan submitted for Examination does not make any similar provision. Indeed as set out in the Duty to Co-operate Statement dated May 2015 under Strategic Priority of Housing Provision the National Park Authority states that West Somerset Council’s response to the formal request for assistance with unmet housing needs was *“unable to accommodate”*. As a consequence the National Park Authority has submitted objections to the West Somerset Publication Draft Local Plan in March 2015. Therefore there are 174 market housing needs from the Exmoor National Park which will be unmet. At the West Somerset Local Plan Examination it was also acknowledged that a large proportion of West Somerset’s own affordable housing needs would not be met.

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The Exmoor Local Plan does not specify any housing requirement figures for open market nor affordable housing instead a rural exceptions approach is proposed with no housing target only an estimate of local housing need of 306 units over the plan period 2011 – 2031 and no land allocations.

It is uncertain that the 306 of affordable housing needs will be met by the Council's approach to housing delivery via its proposed exceptions site policy approach. At the time of the pre submission consultation no viability assessment was available. The new evidence shows that affordable housing provision is only viable if cross subsidised by market housing. The viability report concludes :-

- *“But rented affordable housing (both social and Affordable rent) require subsidy from Principal Residence market housing. This can be as high as 60% Principal Residence housing”* ;
- *“There is a trade off to be made between providing social rent versus Affordable Rent and the amount of Principal Residence housing needed to ensure viability. For example, a scheme of 6 Affordable Rent homes needs 6 Principal Residence market housing to be viable but the same scheme of 6 social rent units needs 8 Principal Residence market houses to ensure viability”* ;
- *“The policies in the Local Plan are deliverable but with many if not most schemes needing to have a substantial element of Principal Residence market housing (up to 60%” (para 4.23).*

Perhaps the authority should re-consider its approach as it would appear that the 174 market houses are required to deliver the 306 affordable houses. Furthermore if market housing is required to deliver affordable housing then Policy HC-S4 Principal Residence Housing may be an impediment to the effective delivery of market housing and as a consequence affordable housing.

There is also a problem that the Strategic Housing Land Availability Assessment (SHLAA) estimates a potential land supply of 249 dwellings a shortfall of 57 dwellings against an affordable housing need of 306 dwellings (equivalent to a gap of 18% between housing need and possible development opportunities identified in the SHLAA) or 231 dwellings against a total need of 480 dwellings if market housing is necessary to cross subsidise affordable housing (equivalent to a gap of 48% between housing need and possible development opportunities identified in the SHLAA).

If as suggested in answer to Q3.1 OAHN has been under estimated any re-calculation of OAHN resulting in a higher figure would alter the housing provision figure in the Exmoor National Park and the corresponding unmet housing need figures re-distributed elsewhere in the HMA.

**How should the contents of the “Text Box” on p133 of the Plan, and related policies, be treated in the light of the Court of Appeal judgment in *SSCLG v West Berkshire DC & Reading BC [2016] EWCA Civ 441?* (HBF, Mr Briden)**

The Court of Appeal judgement re-instates the Written Ministerial Statement of 25<sup>th</sup> March 2015 subsequently the NPPG has been up-dated. Therefore the Text Box should not be deleted as set out in the proposed Schedule of

Modifications. However rather than just re-instating the text box it should be better incorporated into the relevant policies and their supporting text.

It should be clarified that any monies made as commuted sum payments are only payable on completion as set out in the WMS.

**3.3 Is the proposed use, in policy HC-S2 and related policies, of the nationally-described space standards and Building Regulations Requirement M4(2) justified in respect of need, viability and timing? (HBF)**

As set out in our original representations the references in the submitted version of the Local Plan are out of date. The HBF welcomes the proposed changes to the re-wording of these references as set out in the Schedule of Modifications.

The NPPG sets out the criteria the authority should met in setting these standards. As set out in the NPPG (ID 56-007 and ID 56-003) these policy requirements should be justified based on need and viability tested. The cost of imposing these requirements is likely to worsen the affordability of housing.

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