



Exeter City Council
Civic Centre
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SENT BY E-MAIL AND POST

31st August 2015

Dear Sir / Madam

EXETER SITE ALLOCATIONS AND DEVELOPMENT MANAGEMENT DPD CONSULTATION

Introduction

Thank you for consulting with the Home Builders Federation (HBF) on the above mentioned consultation. The HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing. We would like to submit the following representations and appear at future Examination Hearing Sessions to discuss these matters in greater detail.

Housing Need

The Core Strategy adopted in 2012 proposes at least 12,000 dwellings (600 dwellings per annum) between 2006 – 2026. As the adopted Core Strategy pre-dates the NPPF it will not have been based upon a NPPF compliant objective assessment of housing needs (OAHN). The fundamental change in the assessment of housing needs pre and post NPPF is well documented in the legal case of Gallagher Homes Limited & Lioncourt Homes Limited v Solihull Metropolitan Borough Council [2014] EWHC 1283 (Admin). Therefore the production of the Exeter Site Allocations & Development Management DPD provides the Council will an opportunity to rectify any pre NPPF deficiencies in the calculation of OAHN for Exeter. As set out below the Council should be considering an increase to its housing requirement.

It is noted that the recently published Exeter SHMA identified an OAHN for Exeter of 614 dwellings per annum based on an average mid-point figure derived from demographic and jobs led scenarios calculated on both 2008 and 2011 headship rates. It is also noted that the latest Exeter SHMA is not

based on 2012 household projections. The NPPG confirms that 2012-based household projections represent the most up to date estimate of future household growth (ID 2a-016-20150227). The Council should undertake a refresh of the SHMA Report based on 2012 household projections before the DPD is submitted to the Secretary of State for examination.

The demographic and jobs led scenarios from the Exeter SHMA Report are summarised in the following Table :-

SCENARIOS	Demographic scenario (dwellings per annum)	Jobs led scenario (dwellings per annum)	Average (dwellings per annum)
2008 headship rates	629	681	655
2011 headship rates	549	596	573
Averages	589	639	614

The question is whether or not an OAHN based on an average mid-point is appropriate. The 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”*. Moreover as confirmed in the PAS Guidance *“Objectively Assessed Need and Housing Targets”* dated June 2014 (paragraph 6.2) *“if both a job-led projection and a trend-led demographic projection have been prepared, the higher of the two resulting housing numbers is the objectively assessed need”*.

The NPPG also states that demographic projections are just the starting point for the calculation of OAHN because household projections are only projections of past trends and not forecasts hence such projections only reflect past influences on household formation. Housing shortages over at least the last two decades and poor housing affordability have restricted the ability of many young people to form independent households. Housing under supply has many adverse social consequences meaning many households cannot form and existing households are trapped in inappropriate housing. The economic consequences mean house prices are high in relation to household income causing problems of affordability and negative effects on the labour market and wealth distribution. So an OAHN based solely on demographic projections (in the case of Exeter 549 – 629 dwellings per annum) under-estimates future housing requirements by building into future housing provision the adverse impacts on household formation of decades of past housing undersupply together with very weak economic and market conditions between 2008 and 2012. Although the recently published 2012 based household projections now incorporate a modest move back to previous trends it is not necessarily sufficient to address this acknowledged *“built in”* deterioration of household formation rates.

Moreover other factors such as economic forecasts, worsening trends in market signals and affordable housing needs should also be considered which may necessitate an upward adjustment above demographic projections (NPPG ID 2a-018-20140306, 2a-019-20140306 and 2a-020-20140306). However the Exeter SHMA determines to make no upward adjustments for market signals or affordability on the basis that Exeter is not significantly different to Devon or the South West region as a whole. Unfortunately this conclusion ignores evidence contained within in the SHMA itself for example in Exeter :-

- an affordable housing need of between 303 – 347 dwellings per annum (Tables 1-4) exists ;
- between 2000 – 2013 house prices changed by 137% compared to 129% in Devon and 124% in England (paragraph 6.2.2) ;
- the price to earnings ratio remains high creating an affordability problem for newly forming households (paragraph 9.5.4)
- “... *housing in South West is expensive and therefore affordability caused by lower incomes ... remains an issue*” (paragraph 9.5.6).

Not surprisingly the National Housing Federation “*Home Truths 2013/14 The Housing Market in the South West Report*” also identifies that the ratio of house prices to incomes in Exeter is 11.7 compared to 11.3 in England and 11.5 in South West.

This dismissal of market signals and affordability problems as not significant does not sit comfortably with the NPPF requirement to “*significantly boost housing supply*”. It is acknowledged by Government that there is a national housing crisis as illustrated by the following facts :-

- 3.3 million 20-34 years old still live in the family home ;
- a fifth of women and a third of men aged 20-34 years old live with their parents and ;
- 77% young people believe it is harder for them to own a home than it was for their parents (YouGov for National Housing Federation, September 2014).

When the newly appointed Secretary of State for DCLG was Planning Minister in an interview with the FT in 2011, Mr Greg Clark declared that tackling the housing crisis had a ‘moral’ imperative. He said “*It is one of the great social injustices that we are failing to provide enough housing, particularly at an affordable level of rent*”. In another interview that same year with the Daily Mail, Mr Clark said that the cost of housing was “*destroying family life*”.

As recommended by the NPPG economic forecasts and growth should also be taken into account (ID 2a-018-20140306). Paragraph 8.9.8 of the Exeter SHMA confirms that each authority is to use both the demographic and jobs led scenarios to determine its development needs but this is to be undertaken on a consistent and co-operative basis across the HMA authorities. It is known that the neighbouring authority of East Devon is planning for growth to support additional economic development arising from the strategic growth

point at West End therefore for consistency Exeter should also be positively planning for economic growth.

It also appears that there is no second home allowance in the calculation of OAHN. The National Housing Federation "*Home Truths 2013/14 The Housing Market in the South West Report*" identifies 0.9% of all properties in Exeter are second homes.

So in summary if :-

- the top end rather than the mid-point of any proposed range is preferable because it is a more positive planning approach to boosting housing supply ;
- the higher HFR from 2008 is favoured as a mechanism to combat affordability problems experienced by younger age groups and to address affordable housing needs ;
- a second homes allowance is added and ;
- economic growth identified in the economic forecasts is taken into account,

then the OAHN for Exeter is no less than 681 dwellings per annum and the Exeter Site Allocations & Development Management DPD should be seeking to meet this OAHN rather than the 614 dwellings per annum advocated in the SHMA or the 600 dwellings per annum housing requirement set out in the adopted Core Strategy.

It is suggested that the Council re-consider the housing requirement figure to be met and the number of sites to be allocated within this DPD. In doing so the Council may find the Inspector's Initial Appraisal of the Chiltern District Council's Delivery Development Plan Document is helpful. As the housing requirement is expressed as a minimum figure in the adopted Core Strategy it may be possible for the Council to supersede this out of date housing requirement figure (as shown by the new evidence in the form of the Exeter SHMA commissioned by the Council) with an increased housing requirement figure in the Site Allocations DPD. It is understood after seeking legal advice that this approach will be used by North Warwickshire Borough Council. Alternatively the Council may choose to review the Core Strategy.

Plan Period

It is noted that the plan period of the DPD is for a length less than the 15 year timeframe recommended in the NPPF (paragraph 157). It is suggested that the Council should also re-think this matter when re-considering the housing requirement figure as discussed above.

Other Policies

The Government wishes to streamline the planning system and to rationalise many differing existing standards into a simpler system which will reduce policy burdens and deliver more much needed housing. The Deregulation Bill 2015, which received Royal Assent in March 2015, specifies that Councils

should not set any additional local technical standards or requirements relating to the construction, internal layout or performance of new dwellings. The only technical standards that can now be considered and incorporated into DPDs are restricted to the nationally described space standard, an optional requirement for water usage and optional requirements for adaptable / accessible dwellings. However to do so the Council should provide supporting evidence on need, viability, affordability and timing in order to assess the impact and effect of this policy in the local area. The Written Ministerial Statement dated 25th March 2015 confirms that *“the optional new national technical standards should only be required through any new Local Plan policies if they address a clearly evidenced need, and where their impact on viability has been considered, in accordance with the NPPG”*.

Policy DD9 proposes that all housing is built to the optional standards for accessibility and adaptability M4(2) and 5% of affordable housing is built to M4(3) wheelchair user standards.

Policy DD13 proposes that the nationally described space standard is adopted. So in accordance with paragraph ID: 56-020-20150327 of the NPPG *“where a need for internal space standards is identified, local planning authorities should provide justification for requiring internal space policies”* therefore the Council should provide evidence of :-

- *“need – evidence should be provided on the size and type of dwellings currently being built in the area, to ensure the impacts of adopting space standards can be properly assessed ;*
- *viability – the impact of adopting the space standard should be considered as part of a plan’s viability assessment with account taken of the impact of potentially larger dwellings on land supply ... impacts on affordability ;*
- *timing – there may need to be a reasonable transitional period following adoption of a new policy on space standards to enable developers to factor the cost of space standards into future land acquisitions”*.

The Council has not provided any such evidence.

If the DPD is to be compliant with the NPPF, the Council needs to satisfy the requirements of paragraphs 173 and 174 whereby development should not be subject to such a scale of obligations and policy burdens that viability is threatened. The Council should be mindful that it is inappropriate to set unachievable policy obligations. Under paragraph 174 of the NPPF the Council must properly assess viability. It is unrealistic to negotiate every site on a one by one basis because the base-line aspiration of a policy or combination of policies is set too high as this will jeopardise future housing delivery. The latest whole plan viability assessment is set out in Viability Report by 3 Dragons dated July 2015 shows that a number of sites tested have been pushed to the margins of viability for example brownfield land in Exmouth.

The Council should also re-consider its viability assessment with particular regard to any implications arising from the Summer Budget on the price paid for affordable housing given the proposed rent level reductions and the profit margin / risk profile associated with such units.

Under **Policy DD32** the Council proposes that new developments should connect to Local Energy Networks. It is suggested that this proposal is re-check for compatibility with recent Government announcements including the Productivity Plan published on 10th July 2015.

Conclusions

For the Exeter Site Allocations & Development Management DPD to be found sound under the four tests of soundness as defined by paragraph 182 of the NPPF, the DPD should be positively prepared, justified, effective and compliant with national policy. As currently written the DPD is unsound because :-

- full OAHN is not met ;
- the plan period is less than 15 years ;
- the imposition of optional standards threaten viability and deliverability of development.

Therefore the DPD is not consistent with national policy. It is not positively prepared nor properly justified so it will be ineffective.

It is hoped that these representations are of assistance to the Council in informing the next stages of the DPD. In the meantime if any further information or assistance is required please contact the undersigned.

Yours faithfully
for and on behalf of **HBF**



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