

**NORTH DORSET LOCAL PLAN EXAMINATION**

**ISSUE 4 : MEETING HOUSING NEEDS INCLUDING AFFORDABLE HOUSING AND THE NEEDS OF GYPSIES, TRAVELLERS AND TRAVELLING SHOWPEOPLE (POLICIES 6 TO 10 AND POLICY 26)**

Inspector's Key Issues and Questions in bold text.

**4.1 Although not explicitly stated in LP1, I interpret the figure of 4,200 dwellings (280 dwgs a year) as being the Council's objectively assessed housing need for 2011 – 2026. Is this figure justified, bearing in mind it is lower than that proposed in the former Regional Strategy? What has been the role of household projections in estimating overall housing need (see PPG paragraph 015 under Housing and Economic Development Needs Assessments)?**

The Council has not stated a figure for its objectively assessed housing needs (OAHN) it cannot be assumed that the housing requirement figure expressed in Policy 6 is meeting OAHN.

Please refer to answer to Question 4.4 on the former Regional Strategy and the role of household projections in OAHN.

**4.2 NPPF paragraph 47 requires the supply of housing to be boosted significantly. Between 2001 and 2011, 370 dwellings per annum were built in the District. The figure now proposed is 280 dwellings a year. Is the Council's target justified and sufficiently aspirational, in light of past rates of housing provision, including in terms of affordable housing provision? (see also question 4.12 below)**

The Council's housing provision of 280 dwellings per annum is not sufficiently aspirational to boost significantly housing supply. In the past annualised housing delivery equalled 370 dwellings per annum which is above the proposed housing provision in the Local Plan. Similarly the Council's proposed housing provision will not increase affordable housing provision against an identified affordable housing need of 387 affordable housing units per annum (over the next 5 years).

Please also refer to answer to Question 4.4.

**4.3 Is the inclusion of North Dorset District within the boundary of the Bournemouth/Poole Housing Market Area (HMA) justified? What are the consequences of the use of the HMA boundary, particularly for the northern part of the District?**

North Dorset District Council sits at the junction of more than one SHMA. The up- dated SHMA report for the Bournemouth & Poole HMA identified that the northern part of North Dorset District including the towns of Gillingham, Shaftesbury, Sturminster Newton and Stalbridge (three out of four of the main

towns identified in Policy 2 Core Spatial Strategy as the focus for growth in the District) look towards Yeovil and Salisbury whilst the southern part of the District including Blandford lies within the periphery of the Bournemouth & Poole HMA.

However despite this acknowledgement the Council has not proved any justification for its continued inclusion in the Bournemouth & Poole HMA.

**4.4 Is the Strategic Market Housing Assessment (SHMA) sufficiently up-to-date and does it reflect the guidance on SHMAs in the NPPF (paragraph 159) and Planning Practice Guidance? The 2011 SHMA Up-date concluded that overall need for housing in the District has reduced from 350 to 280 dwellings per annum since 2008 (paragraph 4.29 of MHN001), the reason given is the economic downturn. However there is evidence that the economy is recovering so can the up-dated SHMA (2012) be relied upon, bearing in mind the current economic context?**

The SHMA is not sufficiently up to date. Furthermore it does not reflect the NPPG nor does it comply with the NPPF.

The 2011 SHMA Up-date pre dates the publication of the NPPG. It is also based on an original SHMA dating from 2008 at a time when the RSS for the SW existed. Previously the RSS for the SW proposed 7,000 (350 dwellings per annum) for 2006 – 2026 in North Dorset. Although the RSS for the South West is revoked, it provided a context and a rigorous and independent approach to assessing housing needs. The Council has not adequately demonstrated the change in circumstances, which have led to the reduced housing requirement of only 280 dwellings per annum in the North Dorset Pre submission Local Plan.

Paragraph 159 of the NPPF requires a LPA and where necessary neighbouring authorities working together to prepare a SHMA, to assess in full the needs for market and affordable housing across the relevant HMA. OAHN means meeting the population and household projections provided by Office of National Statistics (ONS) and Department of Communities & Local Government (DCLG) taking into account both migration and demographic change. However the NPPG identifies that DCLG household projections are only the starting point for the estimate of overall housing need (ID 2a-015-20140306). It must be stressed that the official household projections are projections of past trends and not forecasts as such these projections reflect past influences on household formation, both positive and negative. Housing shortages over the last two decades, and poor housing affordability, have restricted the ability of many young people to form independent households. In addition, household formation has been adversely hit by poor economic, housing and mortgage market conditions since 2008. Therefore the interim 2011-based household projections, and the forthcoming 2012-based projections, must be treated as under-estimates of true future requirements. In effect the projections build into future housing provision the adverse impacts on household formation of past undersupply and very weak economic and market conditions between 2008 and 2012.

The NPPG identifies that plan makers should also assess employment trends (ID 2a-018-20140306) and market signals such as land prices, house prices, rents, affordability, rates of development and overcrowding (ID 2a-019-20140306). A worsening trend in any of these market signals will require an upward adjustment to planned housing numbers compared to ones based solely on household projections (ID 2a-020-20140306). The NPPG (ID 2a-004-20140306) explains that the assessment of development needs is an objective assessment of need based on facts and unbiased evidence so limitations imposed by the supply of land for new development, historic under performance, viability, infrastructure or environmental constraints should not be applied. The emphasis is that an OAHN should be unconstrained. Although there is no one methodological approach to provide a definitive OAHN, the methodology in the NPPG is strongly recommended. If a LPA departs from this standard methodology the different approach should be explained (ID 2a-005-20140306).

Clause 5.9 of the “*North Dorset District Council Housing Topic Paper*” dated November 2012 states “*the update SHMA report trend based data suggests household growth of around 273 per annum for the period 2011 – 2031 and so a housing delivery figure might be around 280 dwellings per annum (to take account of small vacancy rate)*”. The Council’s Response to the Inspector’s Question 3 (INS008) re-confirms that 280 dwellings per annum is just a demographic trend based projection.

Likewise the reference to a figure of 234 dwellings per annum from the SHMA Review for Eastern Dorset SHMA based on 2012 based SNPP and only a part return to trend for household formation rates is also a demographic trend based under estimation of OAHN (Paragraph 2.15 of INS008).

The acknowledgement in Paragraph 2.16 of INS008 that consideration of economic growth projections in the SHMA Review for Eastern Dorset SHMA suggests that HMA housing provision may need to exceed HMA wide demographic projections to support economic growth. North Dorset District has an ageing population with a high level of young people moving out of the area which has implications for the local economy with a potential labour shortage in the future. It is recognised that this may act as a barrier to economic growth by preventing existing firms from expanding and deterring new firms from coming to the area.

Furthermore the Council’s identified affordable housing need is much higher than the numbers proposed in the Local Plan. The up dated SHMA report identified 387 affordable housing units per annum (over the next 5 years) to meet need. Therefore the Council is not meeting in full this objectively assessed need as required by the NPPF. The Council have not provided evidence of fully exploring options to deliver more affordable housing or to justify curtailment of affordable housing provision. This is a concern as affordability is identified as a major issue in North Dorset. Table 1 of “*North Dorset District Council Housing Topic Paper*” dated November 2012 illustrates a house price to income ratio of 9.45. The AMR 2014 ((IMP006) shows a worsening market signal with a house price to income ratio of 10.15 in 2013 which is higher than in Dorset and England.

The NPPG advises that Councils should estimate the number of existing and future households without their own home or living in unsuitable accommodation, who cannot afford to meet their housing needs in the open market (ID 2a-022-20140306). This total affordable housing need should be considered in the context of its likely delivery as a proportion of mixed market and affordable housing developments. 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 (ID 2a-029-20140306). The more significant the affordability constraints and the stronger other indicators of high demand, the larger the improvement in affordability needed and therefore the larger the additional supply response should be (ID 2a-020-20140306).

Therefore it is contended that a full return to trend in household formation rates, economic growth forecasts, worsening affordability and market signals indicate a OAHN for North Dorset higher than the housing requirement of 280 dwellings per annum proposed in the Local Plan. As a consequence an increase in the proposed housing requirement would enable more affordable housing to be delivered, address growing generational imbalance and support the local economy.

#### **4.5 Is the Strategic Housing Land Availability Assessment (SHLAA) sufficiently up-to-date?**

The Council's SHLAA of 2011 is somewhat dated. Paragraph 158 of the NPPF requires that "*each LPA should ensure that the Local Plan is based on adequate, up-to-date and relevant evidence*". Whilst Paragraph 159 continues "*LPA should have a clear understanding of housing needs in their area. They should prepare a SHLAA to establish realistic assumptions about the availability, suitability and the likely economic viability of land to meet the identified need for housing over the plan period*".

#### **4.6 Can the Council demonstrate a 5 year supply of housing plus appropriate buffer; and locations for growth for years 6 to 10 and 11 to 15 (NPPF paragraph 47)?**

The AMR 2014 (IMP006) sets out the Council's 5 YHLS calculation based on a 5% buffer and a Sedgfield approach to shortfalls. It is noted that before 2011 the Council was achieving and surpassing its annualised housing requirements but since 2011 in 2 out of 3 years net annual additions (Paragraph 5.61 of AMR 2014) have been below the annualised housing requirement of 280 dwellings per annum proposed in the Local Plan. This recent decline in housing delivery should be monitored in case the Council falls into a position of persistent under delivery whereby a 20% buffer would become applicable.

Whilst the HBF is not seeking to comment on the merits or otherwise of individual sites included in the Council's identified housing land supply the following observations are relevant.

In its calculation the Council identifies a deliverable supply of 2,060 dwellings equivalent to 6.5 years. This supply of housing land is set out in Appendix 2 including 1,222 dwellings with planning permission granted. The Council has

not distinguished between outline, full or reserved matters consents or the status of any S106 Agreements to which a particular planning permission may be subject. It is also noted a number of expired and refused consents are included which may not be appropriate.

The 5 YHLS also includes 804 dwellings from SHLAA sites located in the four main towns (possibly including early phases of the Gillingham Sustainable Urban Extension (SUE) with 110 dwellings at Lodden Lakes and 40 dwellings at Park Farm) plus a windfall allowance of 32 dwellings.

When the 2,060 dwellings in 5YHLS is added to the 746 completions to date and the proposed contribution from the Gillingham SUE 1,090 (1,240 less 150 identified above) the total is 3,896 rather than 4,200 dwellings suggesting a potential shortfall of 304 dwellings over the plan period.

It is also unclear why the SHLAA sites relied upon in the 5 YHLS are not allocated in the Local Plan Part 1. If landowners / developers wait for the certainty of a site allocation in the Part 2 Local Plan before applying for planning permission the Council's land supply could reach a hiatus circa 2017 because work on the Part 2 Local Plan is not programmed to start until after adoption of the Local Plan Part 1. The Local Plan Part 2 is expected to be adopted in June 2017 meanwhile the 1,083 dwellings with planning consent (3.4 years supply) could be built out by 2017.

In the later years after 2019 it seems that all housing delivery is only from one location at the Gillingham SUE. At which time the Council's strategy is neither satisfying the NPPF requirement "*to ensure choice and competition in the market for land*" (Paragraph 47) nor "*to deliver a wide choice of high quality homes ... identify ... housing that is required in particular locations, reflecting local demand*" (Paragraph 50).

However it is difficult to know if this interpretation of housing delivery in the District is correct without a trajectory or implementation strategy prepared by the Council.

**4.7 Why is there no housing trajectory included within the plan or a clearly expressed implementation strategy (NPPF paragraph 47)? (see also question 12.1 on monitoring)**

Please refer to answer to Question 4.6.

**4.8 Is the Council's approach towards taking into account vacancy rates and second homes, in the overall housing figures, reasonable and justified?**

The Meeting Housing Needs Background Paper (MHN001) dated November 2013 in Paragraph 5.5 states that a small allowance of 2.5% for vacancy rates is allowed in the calculation to convert household growth to dwelling numbers. However there is no inclusion of an allowance for second homes. It is acknowledged in the AMR 2014 that second homes represent 1.6% of the existing housing stock. Therefore there should be an adjustment to the Council's housing requirement calculation. The same error was identified during the Christchurch & East Dorset Joint Local Plan Examination and this error was subsequently corrected in its proposed main modifications.

**4.9 Should the contribution that existing commitments and potential windfalls make to overall housing provision over the plan period be clarified?**

Please refer to answer to Question 4.10.

**4.10 Is the proposed housing distribution (policy 6) based on a sound assessment of land availability and delivery? Is there any evidence that the proposed distribution cannot be satisfactorily achieved?**

Policy 6 : Housing Distribution proposes 4,200 net additional dwellings (280 dwellings per annum) over the plan period 2011 - 2026. The distribution of proposed housing under Policy 6 and land availability is shown below :-

<b>SETTLEMENT</b>	<b>PROPOSED DISTRIBUTION POLICY 6 TOTAL NO. DWELLINGS</b>	<b>APPENDIX 2 AMR 2014 5 YHLS</b>
Blandford	960	545 (374 with consent & 171 SHLAA sites)
Gillingham	1,490	354 (130 with consent & 224 SHLAA sites)
Gillingham SUE		1,090 (1,240 in plan period less 40 at Park Farm & 110 at Lodden Lakes in SHLAA sites above)
Shaftesbury	1,140	578 (394 with consent & 184 SHLAA sites)
Sturminster Newton	380	277 (52 with consent & 225 SHLAA sites)
Elsewhere / Countryside	230	274 (with consent)
Windfall Allowance		32
Completions (2011 – 2013)		746
<b>Total</b>	<b>4,200</b>	<b>3,896</b>

Please refer to answer to Question 4.6.

**4.11 Is the housing mix proposed in policy 7 justified? Is policy 7 too prescriptive? Should the reference in paragraph 5.34 be to bedroom numbers rather than size? Does the Council’s approach meet the objectives of paragraph 50 of the NPPF, with regard to delivering a wide choice of family homes?**

Policy 7 : Delivering Homes sets out percentages for the housing mix on market (40% 1 & 2 bed and 60% 3+ beds) and affordable (60% 1 & 2 beds and 40% 3+ beds) housing developments. The housing mix is derived from the recommendations set out in the “*Bournemouth & Poole HMA 2011 SHMA Update Summary Report for North Dorset District Council*” dated January 2012 as set out in answer to Question 4.4 concerns have been raised about the date and methodology of this evidence.

Whilst the policy is prescriptive the stated percentages are only the starting point for negotiations about housing mix for sites of more than 10 units.

However these policy proposals are inconsistent with the housing mix typologies used in the viability assessments carried out by Three Dragons consultancy on behalf of the Council and therefore this policy has not been viability tested as required by the NPPF.

Paragraph 5.34 and Policy 7 are inconsistent both should refer to bedroom numbers.

**4.12 Bearing in mind the SHMA Up-date (MHN004) concludes in paragraph 5.7 that there is a need to provide an additional 387 units of affordable housing per annum (up to 2016), has the Council placed sufficient weight on meeting the District's affordable housing needs? Will the Council's policies deliver a reasonable amount of affordable housing and in the locations where need is greatest? Is the advice in paragraphs 173 and 174 of the NPPF sufficiently reflected in LP1? What is the justification for seeking a reduced provision in Gillingham?**

The Council has not put sufficient weight on meeting the District's affordable housing needs. Therefore it is unlikely that Objective 5 of Local Plan to deliver more housing including more affordable housing that meets the diverse needs of the District will be met. Please refer to answer to Question 4.4.

Policy 8 : Affordable Housing proposes 30% affordable housing provision on sites in Gillingham or 35% on the Gillingham SUE subject to viability. Elsewhere 40% affordable housing provision is proposed. If less affordable housing is provided on a development, such schemes are subject to open book viability checking. The proposed level of affordable housing provision is recommended in Clauses 6.14, 6.19 and 6.25 of the "Conclusions and Recommendations" of the "North Dorset District Council Affordable Housing and Developer Contributions in Dorset Final Report" dated January 2010 by Three Dragons. Unfortunately this report is now somewhat out of date and pre-dates the requirements for whole plan viability testing as set out in the NPPF.

In Paragraph 3.25 of the Viability Report it is acknowledged that "*a larger planning obligations package reduces residual values across all sub markets and development density scenarios*". The same applies to any increase in overall development costs and additional costs resulting from Local Plan policy requirements. A number of concerns about assumptions used in this out of date viability assessment were raised in our submission to the Pre Submission Local Plan Part 1 consultation in January 2014 which remain unresolved by the Council. These are :-

- Only £5,000 per plot allowance for Section 106 contributions;
- Sales figures based on 2009 data ;
- Development costs BCIS 2009 data ;

- Developer return only 15% of market value and 6% on development costs for affordable housing ;
- Insufficient costs for Lifetime Homes and Code for Sustainable Homes;
- Low denominations for professional fees, overheads, interest rates and marketing costs.

An up-dated whole plan viability assessment would include testing the following policies contained within the Pre Submission Local Plan :-

- Policy 3 - Climate Change ;
- Policy 7 - Delivering Homes ;
- Policy 8 – Affordable Housing ;
- Policy 13 – Grey Infrastructure ;
- Policy 14 – Social Infrastructure ;
- Policy 15 – Green Infrastructure ;
- Policy 22 – Renewable & Low Carbon Energy ;
- Policy 23 – Parking ;
- Policy 24 – Design ;
- Policy 25 – Amenity.

Until such work is undertaken the Council has not proven Policy 8 to be financially viable.

**4.13 Is the Affordable Housing threshold justified and would the requirements of policy 8 put at risk the financial viability of any housing schemes? Is the policy sufficiently flexible? Is the reference to the involvement of the District Valuer appropriate?**

As set out in the Councils Response to Inspector’s Question 2 (INS007) it is noted that the Council proposes to modify the affordable housing thresholds contained within Policy 8 to accord with the Ministerial Statement dated 28<sup>th</sup> November 2014.

The policy should also acknowledge that in certain circumstances, for example retirement housing schemes, on site affordable housing provision may not be appropriate. The policy should be flexible to allow for alternative solutions such as off site provision.

Under the Councils proposed modifications (Schedule of Proposed Changes SUD015) it is noted that the paragraph referring to the future claw back clause is deleted but bullet point E in Policy 8 remains, which is confusing and further clarification from the Council should be provided.

It is also noted that the inappropriate reference to the specific involvement of the District Valuer remains. The testing of viability should be undertaken by an independent assessor as agreed between the parties therefore Policy 8 should be modified accordingly.

**4.14 Is the affordable rent/intermediate housing split justified and in line with current evidence and is it reasonable for the Council to seek the provision of social rented housing in some circumstances (paragraph 5.105)?**

Under Policy 8, affordable housing will be provided as 70 – 85% affordable and / or social rent and 15 – 30% intermediate housing as per the findings of the up dated SHMA report which recommended 60% social rent, 26% affordable rent and 14% intermediate housing. However these percentages are only the starting point for negotiations which will be subject to viability assessment.

**4.15 Are the requirements of policy 9 too restrictive and unduly onerous? How would the Council exercise its discretion regarding the provision of market homes?**

No specific comment.

**4.16 How do the Council define ‘in-filling’ (policy 7)?**

No specific comment.

**4.17 Has the Council properly addressed the housing needs of the elderly and people with disabilities?**

The Local Plan (Paragraph 2.40 and Objective 6) and its evidence base emphasise the importance of meeting the needs of the elderly so it is appropriate that Policy 7 makes reference to age-restricted dwellings. However as discussed in the HBF Issue 1 Hearing Statement the restrictive nature of Policy 2 will hinder meeting this particular need especially in the rural areas where as evidenced in the SHMA the need for housing for older people is very high (Bournemouth & Poole SHMA dated June 2008 Paragraphs 1.2.1 and 5.2.5). It is also unclear if the reference to “essential rural needs” in Policy 2 would encompass housing to enable older people to continue living independently and remain in their community.

**4.18 Is the Council providing sufficient support for people wishing to build their own homes?**

Yes.

**4.19 Has the Council satisfactorily considered the relationship between housing provision and employment trends (PPG paragraph 018 under Housing and Economic Development Needs Assessments)?**

Please refer to answer to Question 4.4.

**Susan E Green MRTPI  
Planning Manager – Local Plans**

Word Count excluding text in bold – 3,031